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Southeast Asia Report

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24 July 1984

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WPC HEAD VISITS PERTH; AUSTRALIAN PEACE ROLE VIEWED

Perth THE WEST AUSTRALIAN in English 9 Jun 84 p 10

[Text]

Becoming involved with the world peace movement was as natural to Romesh Chandra as fighting for his country's independence.

As a radical student, the young Indian was a behind-the-scenes agitator for India's liberation from British rule.

Living a clandestine life, constantly in fear of arrest for his political activities, the Cambridge-educated Mr Chandra was finally gaoled in 1944 for exposing Operation Asylum a British military plan to crush the independence movement.

Release

Released from prison, he became a founding member of the Indian peace movement after independence in 1947.

In 1951 he became its general secretary, in 1966 secretary-general of the World Peace Council and in 1977 its president—a position he still holds.

"For me to join the peace movement after 1947 was a logical consequence," Mr

Chandra (65) said in Perth yesterday.

"People who took part in the struggle for independence became involved in India's continuing struggle for economic independence and peace.

"It was a natural progression."

Mr Chandra who is in Perth to discuss the demilitarisation of the Indian Ocean and the world peace movement, said the main object of the council was to prevent a nuclear war.

He believed that Australia had a big role to play in disarmament and prevention of a nuclear war.

"Australia is not safe in a nuclear war," he said.

"The whole world will be affected and Australia should be playing a positive role if, as the Government says, it is committed to peace and disarmament.

"The Pacific and Indian Oceans are bristling with arms and Australia with its foreign bases is a target. The advantages of foreign bases don't outweigh the disadvantages because the ultimate disadvantage is death to the population.

Chains

"Australia is not in chains to any other country. It must initiate moves and stands."

Mr Chandra denied an ABC report that the World Peace Council was funded by the USSR. He said he wondered why the interviewer had not asked him about the organisation's funding.

He said the American Central Intelligence Agency spread such malice. It was about time that President Reagan started responding to the wishes of the American people.

TREASURER: FOREIGN BANK ENTRY ESSENTIAL TO GROWTH

Perth THE WEST AUSTRALIAN in English 11 Jun 84 p 3

[Text]

SYDNEY: The entry of foreign banks was essential to Australia's continued growth, the Federal Treasurer, Mr Keating, said yesterday.

Mr Keating's statement to the NSW Labor Party conference was seen as a clear signal that the Government intends to let foreign banks in.

Mr Keating was highly critical of Australian banks and argued that effective full-blooded competition could only be proffered by international financial institutions.

He said that the Government was deregulating banks from August so that they could compete for depositors—but he did not think they would be competitive enough under current arrangements.

"The reason why the Australian banks are always in the top three or four in industrial company profits in this country, and lead the world in terms of bank profits, is because of the monopoly position they run in this country," he said.

"Because there are four of them, they divide the spoils up between them. We want that competition back in to thin their margins down and to provide services."

Mr Keating said that the Government did not want to wait 15 or 20 years for a small

bank to build itself up to mount effective competition to the major banks.

The only effective way to get international competition was to give trading-bank licences to international banks, perhaps in partnership with Australian institutions such as the AMP Society or other big institutions.

Innovation

"We need that innovation, that entrepreneurial lending and we need their financial strength," he said.

Mr Keating said that foreign banks were needed to provide smaller innovative and entrepreneurial banking to help small and medium-size companies and the retail sector.

The Government wanted to breathe life back into manufacturing industry—it would not be able to do this without the help of innovative lenders.

It needed a bank that worked in 40 or 50 countries, or banks like those of Japan and Germany which led the massive industrial transformations of those countries.

"We want that experience in Australia," he said. "We would be simply chopping our

noses off to reject them when we've got them moving round the market place as merchant bankers and finance companies."

Mr Keating said he did not believe that Australia was getting the banking services it required.

The future of Australia's manufacturing industry lay in the growth area of the Asian-Pacific region.

"Anybody who opposes the continuing internationalisation of the Australian economy wants to take Australia down the low-income path," he said.

BOWEN, PRC SIGN STEEL DEAL; TRADE GROWTH FORESEEN

Sydney THE SYDNEY MORNING HERALD in English 12 Jūn 84 pp 22, 23

[Article by Mark Baker]

[Text]

PEKING, Monday: China and Australia have signed an agreement opening the way for many Australian companies to become involved in modernising and expanding China's steel plants.

The agreement, which will involve four or five of China's biggest steel plants, could lead to contracts worth tens of millions of dollars.

A technical mission of Australian experts will tour the selected plants next month and report on potential upgrading work by Australian companies.

Their recommendations will be examined by officials from the two countries by September.

A Memorandum of Understanding on the project was signed today by the Deputy Prime Minister, Mr Bowen, and the Chinese Trade Minister, Ms Chen Muhua.

The memorandum says both countries regard the agreement as "first steps in establishing a long-term technical co-operation relationship between the Chinese and Australian iron and steel industries."

The signing was the culmination of a 10-day tour of China by Mr Bowen.

But there was still no clear indication of the state of progress on negotiations on crude steel sales to China — the key element in the plan of the Prime Minister, Mr Hawke, for closer co-operation between the two countries' steel industries.

Australian officials described the technical agreement as a new

phase in the steel industry contacts between China and Australia — suggesting that the Government is now leaving the politically sensitive issue of crude steel sales mostly to the private companies.

The managing director of BHP, Mr Brian Loton, who arrived in Peking at the weekend, is continuing talks with senior Chinese officials on long-term crude steel contracts. A decision is not expected for at least a couple of months.

BHP is believed to be offering China an investment stake in its mothballed Koolyanobbing iron ore mine in Western Australia as part of a deal to reopen the associated Kwinana steel plant.

China would be able to take all the ore not required for the plant.

But the Chinese are believed to be continuing their talks on iron ore investment with several other companies, including CRA, which is seeking longer-range co-operation with China to employ its advanced West German smelting technology.

One senior official predicted that the agreement on technical co-operation with China could bring business for as many as 20 Australian companies, including some smaller firms.

China is prepared to spend billions of dollars over the next decade refurbishing its industries and many of its antiquated and inefficient steel-making plants will be overhauled.

The Australian technical mission will look at prospects for using Australian technology and equipment to modernise and upgrade smelting and processing plants, improve energy consumption and environmental controls and streamline the handling of raw materials.

China has still to nominate which plants will be included in the study, but they are expected to include the giant Anshan works in the north which produces seven million tonnes of steel a year, equal to the entire output of Australia.

Australian officials say China appears to be looking to Australia to help prepare a strategy for refurbishing its entire steel industry.

The agreement says the implementation of any proposals arising from the study will be through commercial channels, under the Australian aid program or through a combination of both.

Earlier, the Chinese President, Mr Li Xiannian, predicted a major expansion in Sino-Australian trade and economic co-operation during an 80-minute meeting with Mr Bowen.

The meeting in the Great Hall of the People, originally expected to last a formal 30 minutes, went long over time as Mr Li reminisced about the former Labor Prime Minister Mr Gough Whitlam and enthused about Sino-Australian relations.

Mr Li, who visited Australia in 1980 as a vice-premier, said the Whitlam Government's recognition

of China in the early 1970s had laid the basis for the present strong growth.

"We are very satisfied with our relationship with Australia. We think there is great potential for the future," he said.

"On major issues our viewpoints are very similar. We hope that our trade will be further expanded."

Mr Li, who was involved in discussions on steel industry co-operation during his visit to Australia, said China would welcome much greater Australian investment of all kinds in China.

"We should also have co-operation in agriculture, particularly animal husbandry, and I support joint ventures between our two countries," he said.

The volume of Sino-Australian trade is expected to again reach about \$1,000 million this year.

During a visit to the southern coastal city of Fuzhou at the weekend Mr Bowen signed a Memorandum of Understanding for BHP to build a big cement plant, a contract expected to be worth about \$35 million.

The Federal Government is believed to have provided an aid grant of at least \$7 million as part of the credit package to help secure the deal.

BRIEFS

ANZ TAKES OVER UK BANK--ANZ chairman, Sir William Vines, said yesterday Grindlays met closely the specifications the ANZ had set for its expansion overseas. Grindlays has a relatively small domestic business, but has particularly large interests in Asia and the Middle East. It is the largest non-domestic bank in India has significant operations in East and Central Africa. It has branches, offices and subsidiaries in 40 countries, although the nature of its two major shareholders has limited its growth in the major financial centres. [Excerpts] [Sydney THE SYDNEY MORNING HERALD in English 14 Jun 84 p 17]

CSO: 4200/879

DIRECTIVES FOR NEW PERTAMINA DIRECTOR

Jakarta BUSINESS NEWS in English 20 Jun 84 p 5

[Text]

Minister of Mines & Energy Dr. Soe broto said when swearing in A.R. Ramly as new president director of the state-owned oil company Pertamina here Saturday that the new Pertamina leader should take more effective steps to face the existing challenges.

Directives given by the Government to the president director of Pertamina are as follows :

- Minimizing leakages and depreciation in the flow of oil, from the exploitation of oil in oil fields to the processing of crude oil in refineries and the supply of oil to consumers.
- Making the administration of Pertamina accountable and auditable as soon as possible, by implementing globally modern administration systems which have been prepared for the company, so that all expenditures and incomes can be accounted for.
- Creating integrated and open management by determining targets, providing facilities and giving assignments to every operational units in the body of the Pertamina organisation, in view of the complex and complicated matters faced by the company, so that every decision made should be based on complete information and indepth study.

- Operating oil refineries as effectively as possible. Indonesia has nine oil refineries of various ages. By determining the use of the appropriate types of oil, Pertamina should operate new refineries with full capacities. With proper maintenance, oil refineries are expected to operate with minimum cost and maximum production.
- Stepping up the exploration momentum to discover potential oil basins in the country.

The targets to be met are:

- Securing the rupiah revenue and foreign exchange earnings as much as possible to finance national development.
- Minimizing the cost of the fuel oil production so as to press down oil subsidy.
- Securing maximum support to national development through the procurement of oil in time and in the right location, with prices within the reach of the people.

CSO: 4200/876

COORDINATION IN OPENING OF NEW RICE FIELDS

Jakarta BUSINESS NEWS in English 15 Jun 84 p 2

[Editorial: "Coordination in the Opening of Paddy Fields"]

[Text]

Vast areas that are now already provided with technical irrigation networks are still devoid of paddy fields. The Director General of Irrigation, Ministry of Public Works, Ir. J. Soedarjoko, who revealed this at a fast breaking gathering with newsmen here Tuesday evening, said that the process of creating paddy fields has so far been very slow. Therefore in the future the Ministry of Public Works will only set up technical irrigation networks when signs are already apparent that farmers in the areas concerned are really prepared to open fields. This is a very correct decision, because the absence of coordination between the building of irrigation systems and the opening of rice fields means considerable losses. Funds that are now so scarce are thus invested in completely unproductive projects over a fairly long time. It would have obviously been more appropriate if the funds had been invested in quick-yielding projects.

The process of opening paddy fields involves different parties whose approval is required, both state agencies and individuals. The Ministry of Agriculture for instance, must give information so that farmers are aroused to open paddy fields on their land. Banks must provide credits for this effort, and for this purpose regional administrations must issue their recommendations in advance.

Everything in fact depends in the first place upon the farmers concerned. They have so far created hundreds of thousands of hectares of rainfed rice fields on their own initiative without

government aid. For the opening of paddy fields with technical irrigation the government actually only plays an assisting role through the provision of credits and technical irrigation networks. So in the future technical irrigation systems will only be built if farmers in the areas involved have shown their interest.

On the part of the owners of forest land who are supposed to convert it into rice fields, the impediment lies in the shortage of funds and the lack of technical capability to do it. Most of the land owners are not willing to let contractors do the job, either because of the lack of confidence in contractors, or the desire to seize all credits for the opening of rice fields. But since their equipment is frequently inadequate, the creation of rice fields takes a very long time.

Furthermore, contractors that are experienced in creating paddy fields mostly do not have enough funds. Those with strong capital generally are not interested in this job, because the contracts offered are usually not so big, while their locations are also scattered. The continuity of these contracts is not guaranteed either.

It is very clear from the illustration given by the Director General of Irrigation, how the procedure adopted in the opening of paddy fields should immediately be improved. Since the job involves a number of official agencies, the first thing that should be put into effect is more orderly coordination between these agencies. As the effort also concerns the relations between official agencies — viz. regional administrations and state banks — and farmers, reciprocal communications between these parties should be improved so as to avoid confusion.

This coordination is most important especially because the effort involves the sector of agriculture, which in Repelita IV remains a major priority. The systematics of Repelita compilation is already correct in the unification of agricultural business and irrigation into one sector. But it seems that the right systematics can not yet automatically guarantee the presence of neat coordination between the two subsectors, namely agriculture and irrigation.

The creation of paddy fields constitutes an important part in the subsector of agriculture. Its impact is also very vital because a success in this area can increase the income of farmers, and this in turn enables the growth of other sectors such as transportation, industry etc. that depend on it as a vast market. The opening of rice fields by expert methods will be highly important to preserve environmental balance, whereas careless ways of doing it may bring about major disasters to be borne by future generations.

In view of all this, coordination between the agencies involved in the creation of rice fields is most vital. In this case we cannot say that the agency finishing its job first becomes the "winner". None of the agencies wins, as long as the completion of work that must be done in cooperation fails to be synchronised.

CSO: 4200/875

JETRO TO CONTINUE PROMOTING EXPORTS TO JAPAN

Jakarta BUSINESS NEWS in English 20 Jun 84 p 4

[Text]

The Japan External Trade Organisation (JETRO), together with BPEN (National Agency for Export Development), will continue the program for the promotion of exports from Indonesia under the ASEAN cooperation project in the framework of the 1982 agreement.

For this year, the program is emphasized on ceramics and textile. The effort to improve the quality of products and to explore the possibility of penetrating the Japanese market for those commodities will start with an observation survey of the samples of the two commodities.

The market aspect will also be examined. A number of Japanese experts will be sent to Indonesia to give explanation on the market situation for those commodities and the result of survey as well as other matters related to the result of survey, and to give directives to the businessmen concerned.

The observation survey will be followed by the sending of a market observation mission to explore the marketing of commodities in Japan. The members of the mission will consist of government officials and Indonesian private businessmen. During the visit, the mission will hold consultations, exchange views on market penetration, visit companies & carry out direct market observation.

The cooperation program on non-oil/non-gas export drive will also include survey of the foreign market by JETRO involving certain commodities in certain markets, such as sport shoes in the United States, leather products in the United States, medicinal herbs in the Netherlands, essential oil in the United States and fruits in Singapore.

This year JETRO will also establish cooperation with the Indonesian Trade Department for the stepping up of export promotion by state-run companies, the trade information system and quality control, Director of JETRO Hiroshi Oshima said.

CSO: 4200/876

PAPER WELCOMES DEFERMENT OF VALUE ADDED TAX

Jakarta BUSINESS NEWS in English 20 Jun 84 p 2

[Editorial: "The Postponement of the Value Added Tax"]

[Text]

Following suggestions by Kadin and various business circles to postpone the implementation of Law No. 8/1983 on the Value Added Tax (VAT), the government has finally postponed the enforcement of this law until not later than January 1, 1986, by issuing Government Regulation on law deferment (Perpu) No. 1/1984 dated June 16, 1984. The decision was made among others on the consideration that the law has a wide impact on the national economy and that the effort so far undertaken to prepare the tax apparatus as well as the general public should be further intensified.

The government has adopted a very correct decision. Because as also stated in the Elucidation on Perpu No. 1/1984, "if the law is supposed to be enforced starting July 1, 1984, it is feared that it may disturb economic stability and the realisation of national development in general".

The observation contained in the Elucidation exactly reflects the atmosphere in the business sector. Over the last few months, July 1 has been described by the public at large as the moment when a general price hike will be taking place. Even on Monday, June 18, an advertisement in English in a daily — which might have been booked before the issuance of Perpu No. 1 — appeals for buying up the goods publicized with the following sentence: "Hurry! Prices go up on 1-7-'84".

Some traders have started trying to raise prices in recent weeks, for certain goods allowing such rises. The price hike does not follow a certain

pattern of percentage, because the condition of one commodity is different from another. But there are also signs apparently indicating misunderstanding of the VAT, which seems to be interpreted as the old style sales tax (PPn). Tax is supposed to be imposed on the whole *price* of goods, instead of only on the *value added* as it should be. In fact it is just this difference that makes the present 10% VAT far higher than the PPn rate of only 2% - 5% for most goods. The higher rate should be imposed on the value added, which constitutes only part of the price. So if the 10% rate is calculated on the basis of the price of goods, the tax becomes very high. Meanwhile, the tax reform is intended to reduce tax burden -- also with the possibility of giving "credits" of the VAT paid by manufacturers upon the purchase of materials -- so that implementation based on such misunderstanding will greatly increase the tax burden.

Besides the erroneous conclusion, the 10% tax based on the price is also supposed to be imposed with the consideration that the method is "safest", meaning that businessmen are not required to pay compensations if it later turns out that he has made mistakes. Most businessmen do not know how to calculate the "value added" that must serve as the basis of calculation. If the agencies concerned are asked about these matters, the answers may vary. Practical cases that can arise in society indeed are thousands in number, and different from one commodity to another. It takes considerable time to try to anticipate such questions and compile them in the systematics of groups of identical ones. The postponement of the enforcement of Law No. 8 should thus be put to maximum use to arrange all this, so that the same questions will get similar answers from tax agencies and officials, either they are asked in Jakarta or in Fak-fak.

A question can in fact be raised, whether the confusion now anticipated to happen in the implementation of the VAT could not be estimated from the moment of compilation of Law No. 8, so that the date of enforcement would have been adjusted to the difficulties. It can further be questioned how Parliament, which discussed the bill and finally passed it, also failed to see the problem. In reality, even in the advanced countries the same VAT needs

years of preparations. Japan, already so advanced, is still unable to apply such tax because it is too complicated. Fortunately the government at last has deferred its implementation. However, various goods have had their prices raised; how should they be lowered again ? This possibly will not be very difficult, because of the very weak purchasing power in general. Those who could afford to pay the higher prices were only a small number of consumers with idle money, who are now regretful for having been too ambitious. Anyway, it is still tragic that in order to reduce the prices we have to be "helped" by the situation which in itself means a grave problem to our economy, viz. the very weak purchasing power.

CSO: 4200/876

RIVER BASIN AREAS EXPECTED TO FUNCTION AGAIN IN 10 YEARS

Jakarta BUSINESS NEWS in English 15 Jun 84 p 3

[Text]

Jakarta (Business News)

The Director General for Reforestation & Land Rehabilitation, Ir. Wartono Kadri, disclosed here recently that river basin areas in Java would function again in the coming ten years, when farmers on the island had been able to master the techniques of land conservation.

Wartono stated further that his optimism about the function of river basin areas was based on the idea of implementing land rehabilitation and reforestation programs in stages, with priority given to certain areas.

The available forest land should cover not less than 30% of the island so that erosion and floods can be controlled. Part of the forest land can be planted with various perennial plants and plantation commodities.

The priority for the rehabilitation and reforestation of river basin areas is based on :

- the existing vegetation and plants being or to be planted around dams, lake, irrigation projects and other vital projects;

- the existing critical land, with the characteristics of sheet erosion, gully erosion and with elevation of over 15%, changeable vegetation and land covering of less than 2.5%;
- population density of over 680/km² in Java and more than 150/km² outside Java;
- the existing seasonal plants and shifting farming system;
- low perception among people concerning land conservation; and
- people's income still relatively low.

CSO: 4200/875

NURTANIO AIRCRAFT COMPONENTS PRODUCTION

Jakarta BUSINESS NEWS in English 20 Jun 84 p 7

[Text]

The ability of the state-run aircraft industrial company PT Nurtanio to produce aircraft components and the use of local components in the production of aircraft by the company have continued to develop.

In the production of aircraft under licences, PT Nurtanio has produced 85% of the components of CASA 212 planes, 80% of the components of NBO 105 helicopters, 20% of the components of PUMA/SUPER PUMA helicopters and 50% of the components of CN-235 planes, according to sources in the company.

PT Nurtanio has implemented technology transfer through cooperation programs set up with aircraft industrial companies in Spain, Germany, France and the United States. Through technology transfer, PT. Nurtanio is planning to produce components for Boeing and Airbus planes in accordance with the standards, so as to obtain offsets from the two companies (Boeing and Airbus Industries) of around 40% of the price of planes bought by Indonesia. The offsets will be given through the purchase of components from Indonesia for the production of aircraft.

The development of the aircraft industry in Indonesia in Pelita IV will be oriented to the fulfillment of the need for aircraft in the country and to exports, with priority given to expansion in the production of C-212 planes, BO-105 helicopters, Puma helicopters, CN-235 planes & BK-117 helicopters. The aircraft component industry will be developed in Jakarta and West Java, and the aircraft maintenance industry will be developed in Jakarta, West Java and East Java.

CSO: 4200/876

TRADE RELATIONS WITH USSR

Jakarta BUSINESS NEWS in English 15 Jun 84 p 5

[Text] Soviet Ambassador to Indonesia S.I. Semovolos told the press here recently that the planned visit of an Indonesian trade mission to the Soviet Union would create new possibilities to promote relations between Indonesia and his country. According to Semivolos, the two countries have the ability and opportunity to step up bilateral economic and trade relations. He made the remark in connection with the planned visit of a mission of Kadin (Indonesian Chamber of Commerce & Industry) to the Soviet Union next month.

The volume and value of trade between Indonesia and the Soviet Union has tended to increase in the past years. The balance of trade between the two countries has always shown surpluses for Indonesia since 1976, except in 1982.

The balance of trade between Indonesia and the Soviet Union from 1975 to 1983, according to data obtained from BPS (Central Bureau of Statistics), is as follows:

YEAR	E X P O R T		I M P O R T		BALANCE FOR IND. (US\$)
	VOLUME (TON)	FOB VALUE (US\$)	VOLUME (TON)	CIF VALUE (US\$)	
1975	44,665.3	25,568,000	198,672.0	37,386,000	-11,818,000
1976	54,826.7	36,760,000	69,913.0	16,729,000	+20,031,000
1977	37,128.9	32,209,110	13,745.7	10,091,266	+22,117,844
1978	59,413.2	51,603,306	39,596.5	14,773,804	+36,829,502
1979	49,913.7	54,771,462	39,267.8	13,618,477	+41,152,985
1980	52,875.0	72,925,045	35,346.0	19,757,505	+53,167,540
1981	76,151.5	79,979,008	98,942.3	41,109,692	+38,869,316
1982	26,828.0	22,355,201	119,981.6	39,186,798	-16,831,597
1983 (Jan-July)	29,681.3	24,561,442	36,562.4	15,969,852	+ 8,591,590

Soviet imports from Indonesia mainly consist of traditional non-oil commodities, such as natural rubber, black pepper, cinnamon, leather and handicraft products, as well as non-traditional commodities including textile and clothing.

Indonesia's imports from the Soviet Union mainly consist of machinery, heavy equipment, telecommunication instruments, tractors, radio broadcasting instruments, and other electronic goods, as well as fertilizer, glass, chemicals, cotton and medicines.

NEW PIER IN BELAWAN COMPLETED

Jakarta BUSINESS NEWS in English 20 Jun 84 p 7

[Text]

The building of a 850 m m long new pier at the Belawan port, near Medan, North Sumatra, has been completed. Director General for Sea Communication J.E. Habibie stated recently that the building of a new pier at Belawan was part of the modernisation of the port.

The new pier, which will be used to serve the loading and unloading of containers and general cargoes, was previously scheduled to be completed by mid 1985. The port administrator is planning to begin using the new pier in the next two months.

Belawan is an export harbour, which mainly serves the exports of oil/natural gas as non-oil/gas commodities. The available stacking yards at the port is used to serve mainly export commodities.

The flow of export commodities through the Belawan port was up and down every year in Pelita III (1979/80 - 1983/84). Export commodities shipped from Belawan reached 1,170,829 tons in 1980, 870,883 tons in 1981, 1,002,550 tons in 1982 and 1,238,644 tons last year. The volume of exports through Belawan this year is projected at 1.5 million tons.

Non-oil/gas commodities exported through Belawan mainly consist of palmoil, natural rubber, palm kernel, vegetables, copra, coffee, sawn timber, plywood, various forest products, tea and tobacco. The United States, West Germany, the Netherlands and Britain are the main destination of the shipment of export commodities from Belawan.

The flow of imported goods through Belawan is also expected to go up in the coming years, but not as rapid as the increase in the shipment of export commodities. The inflow of goods from other islands in the country has also continued to grow up. The loading and unloading of interinsular goods at the port stood at an average of around 800,000 tons and 2.5 million tons respectively a year in Pelita III.

CSO: 4200/876

WOOD PRODUCTS EXPORTS IN 1983 UP 23.7 PERCENT

Jakarta BUSINESS NEWS in English 15 Jun 84 p 9

[Text] Indonesia's exports of wood products in the first 11 months of 1983 indicated an increase of around 23.7 percent in value compared with those reached in 1982.

Plywood ranked first in the increase of export value last year, with an increase of over 81 percent. Indonesia's exports of various wood products in the first months of 1983 are listed below:

No.	CCCN	DESCRIPTION OF GOODS	1 9 8 3	
			VOLUME (KG)	VALUE (US\$)
01	4402200 2900	Wood charcoal	30,190,840	1,775,125
02	4403100	Pulp wood in the rough	245,596,335	4,252,382
03	4403210 3399	Logs	2,711,897 m3	253,415,241
04	4404111 4414000 4417000	Sawn timber	1,595,724 m3	243,875,898
05	4407000	Railways or railway sleeper of wood	22,901 m3	2,655,451
06	4409100	Pulp wood chips or particle	2,250,000	234,778
07	4412200	Wood flour	-	-
08	4413190 4413999	Parquet flooring	1,869,562	1,071,709
09	4415190 200	Others plywood	1,086,488,920 1,975,434 m3	446,089,382
10	4416000	Cellular wood panels	-	-
11	4418000	Reconstituted wood being shaving chips etc.	114,278,730	4,024,410
12	4419000	Wooden beading & moulding	4,298,803	1,096,494
13	4420000	Wooden picture frames, photograph frames.	82,024	146,315
14	4421100 1900	Completed wooden packaging cases, boxes	90,157	56,037
15	4422900	Cask, barrels, vats	-	-
16	4422100 3900	Prefabricated buildings	3,534,902	2,791,817
17	4424000	Household utensils of wood	9,568	10,139
18	4425000	Wooden tools, tool bodies, tool handles.	36,240	41,382
19	4426000	Spoils ceps cabins	-	-
20	4427000	Standard lamp, lamps table & other lighting fitting.	281,886	426,796
21	4428300	Match splints	40,487	16,567
22	4428940	Shingles	9,685	3,740
23	4428960	Chopstick	2,820,198	1,648,679
24	4428990	Other articles of wood	3,036,632	1,776,123
25	9401110	Wooden furniture	1,706,545	3,504,011
		T o t a l		US\$ 968,912,476

Source: BPS (Central Bureau of Statistics).

CSO: 4200/875

CORN AGAIN EXPORTED THIS YEAR

Jakarta BUSINESS NEWS in English 20 Jun 84 p 6

[Text]

Indonesia, which imported maize in the past years, has since the beginning of this year exported 125,639 tons of that secondary crop with a FOB price of US\$ 130 per ton to Singapore, Japan, Hong Kong and Taiwan.

Provinces which have exported maize this year are East Java 26,952 tons, Jakarta 33,200 tons, Lampung 26,700 tons, North Sulawesi 24,802 tons, South Sulawesi 12,185 tons and North Sumatera 1,800 tons.

Indonesia has been able to export maize thanks to the oversupply of this commodity in North Sumatera, Lampung, East Java, North Sulawesi and South Sulawesi last year. It is for this reason that Bulog (logistic board) has allocated the maize export volume of 230,000 tons this year, comprising 88,000 tons for East Java, 50,000 tons for North Sulawesi, 40,000 tons for South Sulawesi, 26,500 tons for Lampung and 25,000 tons for North Sumatera.

In connection with the allocation of maize exports by Bulog, the Trade Department has issued permits for the exports of 226,100 tons of maize, consisting of

88,000 tons for East Java, 46,000 tons for North Sulawesi, 40,000 tons for South Sulawesi, 26,500 tons for Lampung and 25,600 tons for North Sumatera.

Permits for the exports of 51,000 tons of maize outside the allocation have also been issued. These permits consist of 36,000 tons for Jakarta, 7,000 tons for Lampung and 8,000 tons for East Java.

The latest report said that the maize exports from East Java had been given up since March this year.

CSO: 4200/876

IRON ORE SMELTING PLANT IN LAMPOUNG TO BE INAUGURATED

Jakarta BUSINESS NEWS in English 20 Jun 84 p 4

[Text]

President Soeharto is expected to commission an iron ore smelting plant in Lampung shortly. The plant has been set up in Lampung as a project undertaken in cooperation between LMN-LIPI (National Metallurgical Institute of the Indonesian Institute of Sciences) and the Directorate General for Base Metal Industry, the Industry Department.

The supply of charcoal for the operation of the plant will be entrusted to KUD (Village Unit Cooperatives). Located in Sindang Sari, the Tanjung Bintang sub-district, Lampung Selatan regency, the iron ore smelting plant covers four units when operating.

The four units to be involved in the operation of the plant are an iron ore smelting unit in Way Rilau, an iron mine in Pematang Burhan, a charcoal procurement centre each in Lampung Selatan and Lampung Utara, and a Lamtorogung (Leucaena Glauma) plantation in Bergen. The processing of Lamtorogung into charcoal to be supplied to the plant will be entrusted to KUDs.

The iron ore mine is located around 5 km from the iron ore smelting unit. The plant will operate with a capacity of 8,000 tons of pig iron a year and will

absorb around 16,000 tons of iron ore and 8,000 to 9,000 tons of charcoal a year. The need for crude iron in Indonesia is estimated at around 70,000 tons a year at present and is projected to increase to about 150,000 tons in the next five years.

The design of the plant has been done by researchers of LMN-LIPI. Around 90% of equipment and components used by the plant is locally made and the remaining 10% consists of import products. The project will create jobs for more than 1,000 people, comprising around 200 working in the plant, 100 in the iron ore mine, 100 working as stone breakers, 300 to 500 working in the Lamtorogung plantation and 300 to 500 working in charcoal kilns.

CSO: 4200/876

OIL, LNG EXPORTS PROJECTIONS FOR 1984-85

Jakarta BUSINESS NEWS in English 20 Jun 84 p 5

[Text]

REVENUE FROM OIL : Foreign exchange earnings from oil and natural gas exports in 1984/85 have been projected at US\$ 13.8 billion, or around 69.6 percent of state export revenue projected at US\$ 19.8 billion for the same year.

The target of foreign exchange collected by the country at the end of Pelita IV (1988/89) is US\$ 31.1 billion, of which US\$ 20.3 billion or 65.2 percent is expected from oil and natural gas exports.

The rupiah revenue in the 1984/85 state budget has been projected at Rp 16.1 trillion and the revenue from oil and natural gas income tax is expected to reach around 63.9 percent or Rp 10.3 trillion. The rupiah revenue at the end of Pelita IV (1988/89) is estimated to reach Rp 35.6 trillion, of which Rp. 20.6 trillion or around 57.8 percent is expected from oil and natural gas.

In the 1984/86 period, the marketing of oil is predicted to remain under pressure. No increase in the oil demand is predicted during that period, whereas non OPEC oil producing countries is expected to remain capable of increasing their oil production. Therefore, Minister Soebroto did not rule out the possibility of the fall in the oil price during that period.

The threat of the oil price drop come not only from non-OPEC oil producing countries, but from the OPEC countries as well, especially in view of the increase in the number of new oil refineries operating in the OPEC countries. The increasing supply of refined oil in the oil market will cause the fall of the price of crude oil in the world market.

The oil demand is expected to begin exceeding the oil supply by 1990 as a result of the world economic recovery. In 1990 the production of oil in the nonOPEC oil producing countries is expected to have passed the peak level and begin to drop. Thus the increase of oil demand will be fulfilled by the OPEC countries.

Favourable climate for the stepping up of oil exploration and exploitation should be created from now on so as to enable the country to fulfil the oil demand from 1987/88, according to Soebroto. It is for this reason that the government has decided to appoint new director general of Pertamina, he added.

CSO: 4200/876

BRIEFS

TOYOTA ENGINE PLANT--PT Astra International Inc. is at present making preparation for the setting up of an automotive engine plant in Indonesia in cooperation with Toyota Motor Corporation. The plant will be established with a total investment amounting to U.S. \$89,890,000. The plant is expected to be completed by the end of this year and the trial operation will run in the first 2 months of 1985. Toyota engines to be produced by the plant will consist of category V (4K type), category I (L type diesel engines) and category II (B type diesel engines). The production capacity of the plant will be 48,000 units of category V engines, 24,000 units of category I engines and 36,000 units of category II engines a year. [Text] [Jakarta BUSINESS NEWS in English 20 Jun 84 p 8]

FOREIGN, DOMESTIC INVESTMENT COMPANIES--The number of industrial companies operating in North Sumatra under the PMA (foreign investment) scheme and the PMDN (domestic investment) scheme stood at 25 units and 108 units respectively, according to data obtained from the provincial office of the Industry Department here. Thirteen out of the 25 PMA industrial companies in North Sumatra are at present in the commercial operation, 2 still under construction, 3 inactive and 7 have stopped their operation as their permits have been revoked. The 13 PMA companies now still productive employ around 3,532 persons, including 62 expatriates. The total amount of investments is U.S. \$18,746,755.12 in base metal, base chemical and multifarious manufacturing industries. The two PMA companies now still under construction will be completed at a total cost of U.S. \$975,000. They will employ 67 persons, including 3 expatriates, when completed. The 108 PMDN companies employ 23,045 persons, including 27 expatriates, and operate with total investments amounting to Rp 62,020,083,792,900. Eighty-one of the 108 companies at present operate under their commercial production, 4 are still under construction, and 12 inactive. The 11 other companies are still under preparation. [Text] [Jakarta BUSINESS NEWS in English 20 Jun 84 p 9]

LNG PRODUCTION--The production of liquefied natural gas (LNG) in Indonesia in the first 3 months of this year stood at 7,524,407 m3, composed of 3,766,628 m3 from the Arun LNG plant in Aceh and 3,757,779 m3 from the Badak LNG plant in East Kalimantan. The production of LNG has continued to increase every year since 1981. It reached 19,372,433 m3 in 1981, 20,165,904 m3 in 1982 and 21,179,944 m3 in 1983. [Text] [Jakarta BUSINESS NEWS in English 20 Jun 84 p9]

COMBAT RESPONSIBILITIES OF PRK TROOPS

Bangkok BANGKOK POST in English 13 Jun 84 p 4

[Article by Jim Wolf in the "Eye on Indochina" column]

[Text]

VIETNAMESE troops in Kampuchea reportedly have blunted their pursuit of Khmer Rouge fighters in a bid to force more combat duty onto Hanoi's client regime in Phnom Penh.

"It's a calculated risk," Vietnamese Foreign Minister Nguyen Co Thach was reported to have said. He described the tactic as necessary to stimulate the growth of Vietnamese-backed Heng Samrin's fledgling army.

Mr Thach made his comments in an interview in Hanoi on April 25 with William Turley, a US academic who has written extensively on communism in Vietnam.

The idea, as Mr Turley understood it, was to take advantage of deep-seated Khmer fears of Khmer Rouge leader Pol Pot, whose ultra-revolutionary policies were held responsible for more than one million deaths when he was in power from 1975 to 1979.

The Vietnamese seemed to feel the spectre of a Khmer Rouge return to power, more so than any other force, would jolt Heng Samrin cadres into more determined institution-building, eventually preparing them to take over their own defence.

To this end, some Vietnamese troops appear to have been deliberately withdrawn from certain previously controlled areas, putting the population at risk of attacks from Democratic Kampuchean forces, according to Mr Turley.

Mr Turley, a visiting professor at Chulalongkorn University and a Fulbright scholar, checked his interpretation with Heng Samrin's deputy foreign minister Kong Korm in a separate interview in Phnom Penh on May 3.

Mr Korm, apparently surprised that Mr Thach had disclosed this strategy, confirmed the thrust of it and indicated this was a challenge the People's Republic of Kampuchea (PRK), the official name the Heng Samrin regime calls itself, was prepared to accept, Mr Turley said.

Several accounts of recent fighting tend to support the notion that Vietnam's 150,000 to 180,000 troops in Kampuchea have begun trying to hand over more responsibility to the estimated 30,000 Phnom Penh troops.

Refugees arriving at the Thai-Kampuchean border, for example, have complained that the Vietnamese are not doing enough to protect them against stepped-up attacks by the Khmer Rouge, who reportedly continue to use strongarm tactics with civilians.

For the first time, according to Kampuchean sources, three Phnom Penh battalions have taken up positions opposite Nong Chan, a Democratic Kampuchean enclave on the Thai-Kampuchean border. A strongly motivated regiment designated A-8 of the Heng Samrin regime's 4th Division, has been fighting under Kampuchean command in Oddar Mean Chey Province in the northwest.

However, Western sources in Bangkok who monitor Indochina suggested that Mr Thach's statements may have been an attempt to rationalise Vietnam's own inability to cope with the growing threat from the resistance.

In recent months, the Khmer Rouge, whose 30,000 to 40,000 troops are heavily equipped by China, have been keeping Vietnamese costs high

by hitting fuel dumps, looting food stores and burning warehouses.

Two non-communist groups allied with Pol Pot's troops under the banner of the Coalition Government of Democratic Kampuchea have contributed to Vietnam's problems, which are compounded by pressure from China on the Sino-Vietnamese border.

Hanoi's policy since entering Kampuchea on December 25, 1978, has been to do what it can to "Kampucheanise" the war. Opponents of the Heng Samrin regime see this as an effort to leave behind eventually a heavily indoctrinated regime and armed forces totally loyal to Vietnam.

Despite the more active resistance, Hanoi has announced plans to stage another partial troop withdrawal from Kampuchea this year, its third in what has been presented as an annual series.

The United States, China, the Democratic Kampuchean resistance and members of the Association of Southeast Asian Nations (ASEAN) have dismissed these pull-outs in the past as mere troop rotations.

But Western diplomats generally believe that Vietnam, though its forces are stretched extremely thin in Kampuchea, wants to avoid the negative publicity that would result from any build-up.

Instead, Vietnam may be banking on the many Phnom Penh army officers now being trained in Moscow and Hanoi to give a new boost to their army when they return.

Mr Turley described the Vietnamese strategy as designed to prevent a "psychology of dependence" taking over in Kampuchea such as that which crippled South Vietnamese forces after they were set on their own by the United States during the Indochina war.

Quoting a diplomatic report, he said the first batch of about 400 Phnom Penh officers sent abroad for long-term training had begun returning home recently and the Vietnamese were pinning a great deal of hope on them.

Mr Thach told Mr Turley that the Heng Samrin regime was "like a child" which must be encouraged to stand on its own two feet.

In the meantime, the increased exposure of Kampuchean villagers to attacks from resistance forces has tended to cause more to seek to escape rather than galvanise them, a Western diplomat said.

CONDITIONS IN PHNOM PENH EXAMINED

Bangkok BANGKOK POST in English 7 Jun 84 p 4

[Article by Jose Katigbak]

[Text]

THE Vietnamese-backed Phnom Penh regime is having problems building up its army to battle Democratic Kampuchean resistance forces because of a manpower shortage — the country is literally short of men.

Foreign relief experts and diplomats here say the regime would need five to 10 years to build an army strong enough to take over from the occupying Vietnamese troops.

Official statistics put the population of Kampuchea at 7.2 million, but only four out of every 10 Kampucheans are males and more than half are children below 12 years of age.

International relief organisations cite the lack of adequate manpower "for doing sustained and hard agricultural operations" as one of the causes of low food productivity.

"There are not enough men to plough the fields much less build an army," one diplomat said.

Foreign residents said the manpower shortage and the need for more training, arms and equipment made a Heng Samrin army build-up a long-term prospect.

In five years, the Phnom Penh regime has been able to raise only a relatively small force. Unofficial estimates of army strength range from 20,000 to 30,000 with civil defence ranks about the same size.

But Phnom Penh's deputy foreign minister Kong Korm said the Hanoi-

installed Heng Samrin regime had a strong enough army now to deal with Democratic Kampuchea coalition forces estimated to have a combined strength of about 50,000.

"The withdrawal of Vietnamese forces does not depend on the building up of the Heng Samrin armed forces at all. It is only connected with the threat from outside," he said in an interview.

The Heng Samrin regime has said more than three million people were killed by the Khmer Rouge in their blind drive to create a classless society between 1975 and 1978.

While the figure may be suspect, international relief agencies here do not doubt the havoc caused by the Khmer Rouge.

Western aid experts able to travel to the provinces report that Vietnamese troops now do most of the fighting. They say they have heard occasional reports of Phnom Penh soldiers running from battle. But the reports, which are flatly denied by the Vietnamese and Kampuchean officials, are difficult to check because of restrictions on independent

travel.

Information is censored, people are afraid to talk to foreigners and strangers are viewed with suspicion.

But tension, at least in Phnom Penh, is not apparent and surprisingly few Kampuchean or Vietnamese soldiers can be seen on the streets.

Because of the manpower shortage, there is no compulsory military service.

"Assuming the Vietnamese keep their word and leave as Heng Samrin troops are available to fill their place, it could take up to 10 years before the last Vietnamese soldier is replaced by a Kampuchean," an informed source said.

It is Phnom Penh policy to keep alive memories of the atrocities of the Khmer Rouge, yet no mad rush to join the army voluntarily is evident.

A minor functionary said he saw no real need to enlist in the army because "that's what the Vietnamese are here for." The remark, though made jokingly, appeared to mirror the general reaction of most Kampuchians.

Foreign residents said traditional suspicion of Vietnamese motives were beginning to be voiced privately. Nevertheless, they said that relations between Vietnamese troops and Kampuchean civilians were cor-

rect if not warm. No open animosity was evident.

Western aid experts said that in the past 12 months they had noted a deterioration in the security situation in Kampuchea especially in the southern part of Kampong Som and in Battambang, Pursat and Siem Reap near the border with Thailand.

Last year, DK forces generally kept to the border areas, but this year they have become bolder and have operated deeper in Kampuchea.

Phnom Penh has admitted to "considerable losses" in lives and property as a result of DK resistance actions but claims to be in complete control of the situation.

Restrictions on travel and a 9 p.m. to 5 a.m. national curfew remain in force, but in Phnom Penh at least the measures appear to be more preventive than an actual indication of the seriousness of the security problem.

"The Heng Samrin regime does not want to take any chances on the safety of foreigners especially those working for international relief organisations because of possible repercussions on aid," one diplomat said.

He pointed out that what little aid Phnom Penh received would be affected if the relief agencies pulled out because of safety concerns.

"Frankly we feel safer in Phnom Penh than in most other cities abroad," the diplomat added.

CSO: 4200/881

TRANSPORT MINISTRY INVITES FERRY BIDS

Bangkok BANGKOK POST in English 27 Jun 84 p 24

[Text]

**LAO PEOPLE'S DEMOCRATIC REPUBLIC
VIENTIANE PLAIN ROAD IMPROVEMENT PROJECT
ASIAN DEVELOPMENT BANK LOAN 643 SF
NOTICE OF PREQUALIFICATION OF CONTRACTORS**

1 — The Government of Lao PDR has obtained a loan of approximately 8.0 million United States Dollars from the Asian Development Bank (Loan No. 643 SF) and part of the proceeds of this loan will be utilised for payments of the foreign exchange component of the cost of the supply, erection and testing of a new vehicle and passenger ferry at Tha Ngou.

2 — The Ministry of Transport and Post, Vientiane, Lao PDR, intends to invite bids in September, 1984 from prequalified shipyards for the supply of one

TWIN — SCREW RO—RO VEHICLE & PASSENGER FERRY

The main data of the ferry craft will be approximately:

Length over car-ramp	29.00 m
Length over deck	19.00 m
Beam-moulded	8.50 m
Depth	1.50 m
Draft-loaded	1.10 m
Draft-light	0.60 m
Loading capacity	45 tonnes
Engines	2 x 100 kw
Propelling units	2 x jet
Classification	G.L. + 100 A 5

The ferry must be constructed and supplied in SKD—condition; each section not exceeding 12 x 3 x 3 m and 7 tonnes. Shipment has to be made via Bangkok and from there by road to the erection site up to 50 km inside Lao PDR from the Thailand/Lao PDR border crossing at Nong Khai, approximately 600 km north of Bangkok. Erection will be in the water at the site in Lao PDR with no slipway. Semi-skilled labour and a mobile crane will be made available by the Ministry.

3 — Contracts are expected to be signed by December 1984 and it is anticipated that the total contract, including erection and test runs at site, will be completed in about 10 months. Construction will be supervised by an international shipbuilding society appointed by the Ministry.

4 — Prequalification is open to shipyards from eligible member countries of the Asian Development Bank (i.e. current depositors to the Bank's Special Fund).

5 — Any shipyard may, if it wishes, form a joint venture with local or foreign firms for the purpose of executing the works.

6 — Prequalified shipyards must bid for the complete contract including erection.

7 — Prequalified individual shipyards or joint ventures may form partnerships with a view to submitting a joint bid to execute the works.

8 — The prequalification will be based on the following criteria:

1. Contractor's previous experience in the construction of river ferries, and their workshop facilities.
2. Previous experience of working successfully in the Region of S.E. Asia.
3. Ability and experience in performing work to the requirements and standards of International Marine Classification Societies.
4. Qualifications and experience of senior staff.
5. Current commitments.
6. Financial capability.

9 — Shipyards interested in receiving prequalification documents should forward their request to:

**The Project Manager,
Route 10 Project.
B.P. 2158
Vientiane, Lao PDR**

or Telex number 4491/4492 (TE VTE LS) — Route 10 Project

10 — Completed questionnaires must be returned by 24 August 1984 to ensure consideration.

CSO: 4200/881

RAZALEIGH SEES NEW RECESSION AHEAD

Kuala Lumpur BUSINESS TIMES in English 1 Jun 84 pp 1, 24

[Article by Hardev Kaur and Ahmad A. Talib]

[Text]

MALAYSIANS may have to tighten their belts for a longer period because the budding world economic recovery may be nipped by the increasing budget deficit and interest rates in the United States.

Finance Minister Tengku Razaleigh Hamzah told *Business Times* that there was likely to be the recurrence of recession next year. This time, he said, it would be even worse than the recession experienced recently.

After the presidential election is over later this year the US budgetary deficit was likely to have worsened to the extent the incoming president may not be able to avoid measures to cut it down — measures that will dampen the economy. This, coupled with increased interest rates, was likely to curtail consumption.

The Finance Minister feared that this would have adverse effects on developing countries like Malaysia.

The large US deficits

and monetary restraints keep real interest rates high and the dollar overvalued. After falling in February and March, the dollar has regained most of its lost ground and interest rates have moved higher.

It has been pointed out that the large federal budget deficits would preclude the continuing decline in real interest rates that are necessary for healthy economic growth. Even now the interest rate has increased to over 12 per cent.

The increased interest rates, which would no doubt result in reduced consumption, was likely to adversely affect demand for commodities and other products from the developing countries.

The world economy was likely to get into a "tail spin" as it has not fully recovered from the previous recession. The upward movement has been in fits and starts and the recovery has not been sustained.

In 1982-1983, net new in-

vestments in the US are said to have accounted on average for only 22 per cent of total fixed investment, a far lower share than in the three previous years. The performance of the US economy sets the pace for the others.

It has also been forecast that the US trade deficit would increase to US\$130 billion this year. Currently it is put at US\$42 billion. In addition, Commerce Secretary Malcolm Baldrige and Special US Trade Representative William Brock have told a Congressional committee that the Reagan administration did not plan to take special steps to reduce the trade deficit.

The causes for the recent prolonged recession — the structural problems such as labour market rigidities, excessive levels of real wages, low productivity and subsidies to uncompetitive and declining industries — have not been fully addressed by the developed countries.

In addition, there has been a lack of definite policies relating to fiscal and monetary matters by the developed countries. Inward-looking protectionist sentiments, which inhibit growth and expansion of world trade, still continue to persist.

In view of this, the Malaysian government needs to formulate policies in consultation with the private sector to keep the Malaysian economy on an even keel.

On the recent announcement to allow the foreign investor a larger share of the equity in projects in Malaysia, Tengku Razaleigh said this was aimed at attracting greater foreign capital into the country.

For this the government was prepared to allow increased foreign participation, of even up to 70 per cent for local manufacturing. At the country level, venture more aggressively into

the export market.

This is an extension of the existing policy which allows 100 per cent foreign equity holding in companies that were totally export-oriented.

Now the government was prepared to accord majority foreign equity in ventures that were not 100 per cent export-oriented but industries that were resource-based and capital-intensive.

Tengku Razaleigh said the government was set on making the country an export centre. In order to attract more foreign investors it was found necessary to provide

them with more incentives.

The government is keen to see Malaysia become the world's largest producer of rubber tyres, for example, in addition to just exporting the raw material. Presently, the country is the world's largest producer of rubber gloves and swimming caps.

While Malaysians may get less in equity, they would gain tremendously in terms of transfer of technology and access to home markets of the foreign partner. These are areas in which Malaysians do not have the ex-

pertise to start the venture on their own.

With Malaysia set on increasing domestic consumption of its natural rubber and tin, as well as increasing the value added to its timber products, there was no surer and faster way to do this but to obtain foreign expertise.

The inflow of foreign investment funds would also reduce the need for the country to borrow from abroad. This would result in savings to the nation and help reduce the outflow of funds, the Finance Minister added.

CSO: 4200/866

PARTICIPATION IN ASEAN PROJECTS OUTLINED

Kuala Lumpur BUSINESS TIMES in English 4 Jun 84 pp 1, 24

[Article by Hardev Kaur]

[Text]

MALAYSIA will take majority stakes in two of the four Asean Industrial Joint Venture (AIJV) projects approved by the Asean Economic Ministers (AEM) in Jakarta recently. Malaysia is participating in all the four projects.

The projects in which Malaysia will have the majority stake are those that will produce constant velocity joints (fixed and plunging types) and mechanical and power rack and pinion steering, including tierods, ball joints and linkages.

The two other projects in which Malaysia is also participating are to produce frit — a calcined mixture of sand and fluxes as material for glass making — and motorcycle electrical parts. These are likely to be based in Thailand.

Sources told *Business*

Times that the joints and steering plants will be based in Malaysia. These two were first proposed by Malaysia as possible ventures under the AIJV.

In addition to Malaysia, other Asean countries also participating in equity are Thailand and the Philippines.

Unlike the Asean Industrial Projects (AIPs), the AIJV needs only a minimum of two member countries for the project to be approved for implementation by the AEM. Another major difference between the AIP and the AIJV is that the governments are involved in the AIPs while the AIJV is a wholly private sector affair.

The sources added that there would also be non-Asean participation in the AIJV projects. This is allowed under the agreement to facilitate

transfer of expertise and technology in specific areas that are lacking in Asean.

As for the marketing of the products of the joint ventures, sources said that member countries would accord preferences for entry into their domestic markets. Non-Asean participation would also open up more avenues for marketing the products.

The products could be eligible for 50 per cent tariff preference. However, the non-participating countries are not obliged to accord preference to the products. The producer must apply for the preference from these countries.

Meanwhile, in an effort to increase intra Asean trade, the Asean Economic Ministers have agreed to accord tax reduction of between 20 and 25 per cent across-

the-board.

The ceiling for these has also been increased to beyond US\$10 million in value, which is based on 1978 prices. Initially, the limit was for products of \$300,000.

To date, a total of 18,431 items have been listed for preference under the Asean Preferential Trading Arrangements (PTA) first launched in 1977. The AEM has directed the Asean Committee on Trade and Tariff to reduce the exclusion list with a view to according the items tariff cuts for increasing bilateral trade.

Despite the PTA and across-the-board tariff cuts, intra Asean trade accounts for about 15 per cent of the grouping's total external trade which is considered low compared with the 50 per cent of trade within the

European Economic Community (EEC).

Last year, Malaysia's exports under the PTA to all member countries was valued at \$40 million while Singapore's exports under the scheme was valued at S\$47 million.

The ministers have also accepted the Committee on Trade and Tourism's proposals for promoting closer cooperation whereby items falling under the category of textiles, chemicals, canned food, tyres and beverages which are not included in the voluntary list are automatically accorded preferential tariff treatment. However, foodstuffs would be accorded big-

ger cuts of up to 50 per cent. This move is aimed at stepping up regional cooperation.

In addition to this, members are also looking into reducing the list of "sensitive items." Under the across-the-board approach, member countries are entitled to set aside so-called sensitive items in an exclusion list which is excluded from PTA treatment.

Meanwhile, the Asean task force report is expected to be endorsed by the Asean Foreign Ministers at their meeting in Jakarta next month. The task force sets out the future direction of the regional grouping and how the targets are to be achieved.

CSO: 4200/866

INCREASED NUCLEAR RESEARCH PLANNED

Kuala Lumpur BUSINESS TIMES in English 6 Jun 84 p 24

[Article by Khalid Jaafar]

[Text]

THE government plans to step up nuclear research in its quest to modernise Malaysia's industries and agriculture as well as health facilities, Datuk Seri Dr Mahathir Mohamad said.

To achieve this objective, Malaysia will have to expand the Tun Dr Ismail Atomic Research Centre (Puspati) in Bangi and if possible make it the largest nuclear research centre in South-East Asia.

Speaking to the Press after a four-hour visit to the centre yesterday, the Prime Minister said he believed Malaysia's research activities in nuclear technology could in future be made more effective in efforts to improve the country's standard of living.

Although Puspati started its research activities only a year ago, Dr Mahathir was satisfied with its performance and praised its personnel for their dedication to their work.

Nuclear technique, especially the non-destructive testing developed at Puspati, is now being applied at Stan-

dard Industrial Research Institute of Malaysia (Sirim) for quality control work.

In the field of agriculture, nuclear techniques have been very useful in breeding new crop species or improving old species through mutation to increase crop productivity or resistance to disease and pest.

Another important application of nuclear technique currently in use in Malaysia is in the field of diagnosing as well as treatment of diseases.

Apart from the local university doing nuclear research, the centre also provide facilities for students from the National University of Singapore and Bangladesh which plan to establish similar institutes of their own.

Major functions of Puspati include:

- the production of short and medium-live radioisotopes for use in medicine, agriculture and industry;

- promoting and coordinating the use of nuclear technology in research at research institutes and universities;

- conducting radiation monitoring and protection for workers, the public and the environment; and,

- organising training courses and collecting and disseminating information on nuclear technology.

Earlier, the director-general of the Nuclear Energy Unit in the Prime Minister's Department, Datuk Prof. Ghazali Abdul Rahman, urged the government to increase the use of modern nuclear technology in base industries which contribute to the country's economy.

Briefing the Prime Minister, Prof. Ghazali said that the application of established nuclear technology to yield better quality control, higher productivity, and lower manufacturing costs would improve the competitiveness of manufactured products.

The use of nuclear technology in agriculture and other services would ensure enough food supply to the population by way of preventing excessive loss due to spoilage.

UMNO SECRETARY GENERAL CONFIRMS RESIGNATION

Kuala Lumpur NEW STRAITS TIMES in English 5 Jun 84 p 3

[Article by Khairuddin Hassan]

[Text]

KUALA LUMPUR, Mon. — Umno secretary-general Datuk Mustafa Jabar today reaffirmed his intention to resign from the post which he had held for the past six years.

He will be seeking a meeting with party president Datuk Seri Dr Mahathir Mohamad soon to discuss the matter.

Datuk Mustafa added that the meeting is also to discuss preparations for the holding of the next meeting of the Supreme Council — the first after the recent general assembly.

"My main intention is

to make way for Datuk Seri Dr Mahathir to appoint a secretary-general from among younger leaders.

"It's not hard work, but there's a lot of it. A younger man can run here and there," said Datuk Mustafa who was appointed secretary-general following the 1978 party elections.

He said he will not be submitting any resignation letter this time as he had done in the previous years.

He had expressed his desire to resign from the post since 1981 but his applications were all turned down.

"At 61, I consider myself an old man and as such it is high time for me to resign from active politics. All my contemporaries had either passed away or retired from politics.

"Even when I have resigned I will continue to contribute to the party in anyway I could.

"But I will stay on if Datuk Seri Dr Mahathir wants me to, until he finds a suitable replacement," he said.

BRIEFS

NEW GOVERNMENT CHIEF SECRETARY--Kuala Lumpur, Thurs--Director-General of the Economic Planning Unit Tan Sri Sallehuddin Mohamed has been appointed Chief Secretary to the Government to succeed Tan Sri Hashim Aman who is retiring. The Prime Minister's Department said in a statement today that the appointment would take effect tomorrow when Tan Sri Hashim goes on leave prior to his retirement on Sept 1. Tan Sri Sallehuddin, who is from Raub, Pahang, holds a Bachelor of Economics degree from the University of Malaya. He joined the Administrative and Diplomatic Service as a development officer with the Rural and Industrial Development Authority, the predecessor of Mara. He has held several posts in the Public Services Department and was Deputy Secretary-General in the Finance Ministry. Tan Sri Sallehuddin attended an advanced management course at Harvard University in 1981. He has received from the Yang di-Pertuan Agong the Panglima Setia Mahkota award, which carries the title of Tan Sri, the Kesatria Mangku Negara and the Johan Mangku Negara. Today, Tan Sri Hashim paid a farewell call on Prime Minister Datuk Seri Dr Mahathir Mohamad at his office. [Text] [Kuala Lumpur NEW STRAITS TIMES in English 15 Jun 84 p 1]

CSO: 4200/866

REPORTAGE ON LABOR PARTY WAGES, INDUSTRIAL POLICY

More Money Promised

Wellington THE EVENING POST in English 22 Jun 84 p 1

[Article by Brian Woodley]

[Text]

BLLENHEIM, Today. — Labour will allow either a negotiated wage round or wage relief through taxation before the end of the year if it becomes the government, the party leader, Mr Lange, said today.

He said Labour would allow a wage round to take place, but this would not necessarily result in employers having to pay higher wages. The alternative was that the government could make tax adjustments to give people more purchasing power.

But the end result would be more money in the pockets of wage and salary earners.

Mr Lange said today was the second anniversary of the wage freeze. In that period wages had been frozen, except for the \$8 wage order, while prices had thawed.

"People have to expect more money in their pockets before the end of the year," he said.

A wage round would follow consultations between the government, employers and unions to determine the limits.

"The Government, boss and worker need to decide the limits, and then who pays for it," he said.

Mr Lange was speaking to reporters in Blenheim shortly before taking part in a Radio Marlborough talkback programme on his only visit to the province during the election campaign.

He said there would have to be a budget, or budget equivalent soon after the new government took office. New Zealand had run out of money overseas, and only had funds budgeted to last until the end of September.

The important thing about Labour's industrial relations policy was that, for the first time, it had the endorsement of both the Employers Federation and the Federation of Labour, Mr Lange said.

While wage adjustments would be allowed, Mr Lange indicated that they might not be large.

"There needs to be restraint. There can be no open slather. We have an economy which is blown out, and it will require a very strong co-operative effort to restore growth into the economy," he said.

"It is just as unrealistic to expect that you can restore growth to an economy by excessive wage increases, as it is unrealistic to think that you can restore growth to the economy by painless and apparently endless borrowing."

Mr Lange stressed that there was a difference between having a wage round, and having a wage increase. It might be that after consultation between the three main parties, income adjustments should be managed through other means, such as tax changes.

But the end result would still be more money in peoples' pockets. They needed relief from the wage freeze regime, he said.

Editorial Views Policy Weaknesses

Christchurch THE PRESS in English 23 Jun 84 p 18

[Editorial: "Deals With the Unions"]

[Text] Much of Labour's industrial relations policy, issued yesterday by the Labour leader, Mr Lange, is sensible. The most significant part of it concerns wage bargaining. Mr Lange spoke of a wage round this year which would be preceded by an agreement forged by the unions, employers, and the Government. The effect of tax reductions would be embraced in the formula arrived at. He was not saying unequivocally that a Labour Government would make tax cuts, but that in the negotiations to be conducted by the three parties, possible tax cuts would be one factor. The model of the Australian economic summit held immediately after the election of the Australian Labour Party Government has obviously influenced his thinking.

The idea has a familiar appearance. The date on which the policy was announced would be a reminder if nothing else was. It was on June 22, 1982, that the wage-price freeze was introduced. That freeze was introduced by the Government after extended negotiations for a deal to embrace tax cuts and wage restraint. The proposal for a wage-tax trade-off was considered by the annual conference of the Federation of Labour in 1982, and it was rejected. The Government was astounded at its rejection and the freeze, which was later extended to last until February 29 this year, was introduced. Tax cuts were given in the Budget. What the Government had failed to achieve by negotiation it achieved by legislation. The proposal made by Mr Lange has also similarities to the tripartite talks on wage-fixing.

Would the Labour Party in office be able to achieve accord with the unions in a way that the National Party could not? The answer is not certain, but it might have a better chance if the unions accepted that a Labour Government, doing what a National Government had tried, was more sympathetic to their concerns. The unions in the Federation of Labour were attracted by the Government's offer in 1982. A long debate and protracted soul-searching took place. One of the overriding reservations about accepting the offer from the Government in 1982 was that agreement amounted to a contract between the Government and the unions. This entailed a degree of co-operation between a National Party Government and the

union movement that the F.O.L. would find unacceptable. Politically, the Government probably had to be seen as a union-bashing force.

The wage-price freeze followed, and so did a series of legislative moves that the union movement found it had to live with. What is done is done. An historian of industrial relations in New Zealand might speculate one day on what would have happened had the union movement accepted a deal in 1982. Co-operation under a contract or understanding has occurred more often under a Labour Government. Whatever its name, some kind of co-operation under a wages and prices policy has proved a useful tool of economic management in several democratic countries. In the present economic climate it is the only alternative to legislative measures, and the Labour Party has recognised this as clearly as has the present Government.

The Labour policy is not without problems. Mr Lange should not raise high expectations of significant tax cuts. The Minister of Finance, Sir Robert Muldoon, who brought in the 1982 tax cuts, has frequently observed since then that the size of the increase in the internal deficit is about the same as the tax lost in those tax cuts.

The National Government's conduct of industrial relations had unhappy results after the fateful F.O.L. decision; and even when the Government wanted union co-operation for the tripartite talks, the various legislative moves it took made the union movement ever more distrustful. It was as if one hand of the Government's industrial policy-makers did not know what the other was doing, not least when the law on voluntary unionism was produced. The Government needed a consistent response from unions on wages; then it opened the way to the creation of a mass of non-union employees.

Mr Lange has said that if Labour is elected there will be a wage rise. The danger would come if a wage rise were given without any real undertaking about an industrial accord being reached. Mr Lange needs to give some assurance on this point, and must bear in mind that industrial and economic policy must be co-ordinated. Failure in one sector will upset the other.

LIBERAL PARTY HITS BATASAN OPPOSITION ECONOMIC PLAN

Manila BULLETIN TODAY in English 17 Jun 84 p 18

[Text]

The Liberal Party Economics Committee yesterday welcomed the announced "Seven Pillars" of the Batasan opposition's economic program, even as it pointed out its most significant inadequacy on the vital issue of foreign control and domination.

Speaking through LP Spokesman Rey T. Fajardo, the Committee observed that the seven principles announced by UNIDO pointedly omit any reference to the economic aggression of the US-IMF-World Bank in the Philippines, which alone constitutes the principal cause of the nation's socio-economic malaise.

"In the spirit of constructive cooperation and to obtain what is economically best for our people," Fajardo said, "we are compelled to remind our fellow oppositionists of this very serious shortcoming in their program."

"Any economic program which willfully omits reference to the economic aggression of the IMF-World Bank policies cannot be seriously considered as an attempt to tackle the nation's prob-

lems at its roots," he declared.

Fajardo said that the Liberal Party is challenging the UNIDO and all other opposition parties to make an explicit condemnation of US economic imperialism and to make this issue the cornerstone of their respective economic program.

"Their failure to do this," Fajardo stated, "would only render their programs as palliatives, disheartening ruses and, by implication, supportive measures of US imperialism in the Philippines."

"Without this one issue," he concluded, "an economic program is useless and is not an alternative to what we have now."

The Liberal Party Economics Committee is composed of former Senators Tecla San Andres Ziga and Rodolfo T. Ganzon, former Delegates Rey T. Fajardo and Antonio Olmeda, Ramon Diaz, Pangasinan educator Gonzalo T. Duque, former Agriculture Sec. Jose Feliciano, ex-Rep. Luciano Josen and Jerry F. Adeboad.

PHILIPPINES

INCREASED PESO SPECULATION DRIES UP BLACKMARKET DOLLARS

Manila PHILIPPINES DAILY EXPRESS in English 14 Jun 84 p 8

[Article by George T. Nervez]

[Text] The dollar blackmarket has practically dried up because of increased speculation over the peso, leaving importers at a loss where to get their dollars to pre-pay imports.

Even the so-called "Binondo central bank," which has the blessings of the Ministry of Trade and Industry and the Central Bank, has stopped selling dollars, according to some importers.

They cited the heightened speculation on a further drop in the value of the peso, now fixed at P18 to \$1.

Meanwhile, airline industry executives said that airline companies have been charging fares at the rate of P20.20 to \$1 instead of the P18-to-\$1 guiding rate.

The additional P.40, they said, represented additional charges.

Dollars were likewise unavailable in the official market even though banks have been allowed to retain 20 percent of their foreign exchange receipts.

There has been no dollar trading among commercial banks after Wednesday last week when the new guiding rate was set at P18 to \$1 as a result of the refloating of the peso and a transaction involving \$500,000.

CB Gov Jose B. Fernandez said there has been no dollar trading among banks because they had been surrendering all their foreign exchange receipts to the CB until last Wednesday.

Fernandez said he expected dollar trading to be more active as export receipts start to come in of which the banks are allowed to retain 20 percent.

However, banking sources said the banks preferred to hold on to their dollars in anticipation of further drop in the peso value.

At yesterday's dollar trading conducted by the Bankers Association of the Phils., three banks offered to buy at P18.002 to \$1. There were no sellers.

In the blackmarket, the exchange rate ranges from P22.70 to \$1 for greenbacks and up to P24.70 to \$1 for telegraphic transfers and bank drafts.

The "Binondo central bank," which has been financing up to 25 percent of import needs, except oil, has been the main source of foreign exchange for pre-paid imports through letters-of-credit.

Fernandez has openly admitted that the government allowed the operation of a "parallel market" for dollars because of the foreign exchange crisis.

He said the "parallel market" was working, and had its own allocation system.

But some importers have complained that even in Binondo, blackmarket traders have been holding on to their dollars and are selling only to "friends and favored clients."

CSO: 4200/878

PHILIPPINES

JUDGE DISMISSES CORRO LIBEL SUIT

Manila PHILIPPINES DAILY EXPRESS in English 17 Jun 84 p 6

[Text] A judge has dismissed a libel suit filed against a jailed publisher-editor by Political Affairs Minister Leonardo Perez who charged that he was linked by the defendant's former newspaper to the Benigno Aquino murder, the journalist's lawyers said yesterday.

Rommel Corro, whose Philippine Times was shut down last September after he was arrested in October on orders of President Marcos, was sued for P1 million by Perez.

Perez charged that he was one of the alleged Aquino murder plotters mentioned in a Times article linking government and military figures to the Aquino slaying.

Corro is being held in a suburban military camp on pending sedition charges stemming from the Times' reporting on the August 21 assassination of Aquino.

The Times article was based on mimeographed sheets widely circulated here after the Aquino slaying. The sheets, signed "From the Intelligence Command," said the assassination was the result of "Operation E.T. (Exterminate Totally)."

Corro published a report on the sheets, whose authenticity was strongly doubted by most local and foreign journalists.

Corro's wife Angie said Judge Bienvenido Chinchuango of Quezon City court who threw out Perez's lawsuit, wrote in his decision that "there was no allusion at all that the complainant herein was among the plotters."

The decision upheld press freedom, saying Corro was exercising his constitutional right and Perez was not identified or identifiable in the Times story, Mrs Corro added. (AFP).

CSO: 4200/878

CONSTRUCTION FIRMS SEEK AID

Manila BULLETIN TODAY in English 12 Jun 84 pp 1, 10

[Article by Mario Casayuran]

[Text]

Leaders of the construction industry are seeking immediate government assistance to help tide construction firms over the present economic difficulties.

Some firms have reportedly shut down while others were on the verge of bankruptcy as a result of two peso devaluations since last October and the floating of the peso last May 16.

"The spiralling cost of operations, non-availability of credit facilities, scarcity of materials, and difficulty in collections are causing heavy losses to contractors," Amalio L. Sarmiento, owner of a big construction firm, said.

Unless the government gives the industry immediate assistance such as the adoption of the "cost plus" mode of payment or the revaluation of contract prices at current value, contractors would soon become a vanishing breed, he said.

Under the "cost plus" mode, the government

will reimburse receipts and payrolls submitted by the contractor who shall also have a definitive project margin, subject to tax.

Last Friday, officials of the Philippine Constructors Association (PCA) led by their president, Fiorello Estuar, held a dialogue with Public Works and Highways Minister Jesus S. Hipolito.

Estuar, president of the Philippine National Construction Corp. (PNCC), suggested that the government adopt a "no less, no gain" guide for unfinished projects.

This means that the government will reimburse to the contractor expenses incurred in the completion of unfinished projects overtaken by the May 16 peso floating.

The government should determine which projects are to be terminated and allow others to be completed with appropriate support funds," Estuar said.

Hipolito had earlier said that the increasing number of requests for terminations of infra-

structure contracts as revaluation of their fixed contracts now seemed untenable.

Contractors pointed to a high 36 per cent bank interest on credit facilities or loans.

These requests started to pile up at infrastructure agencies since the October devaluation, followed by another this year and the May floating of the peso.

Revaluation of the fixed contract costs to reflect current prices, on the other hand, is fraught with danger, Sarmiento said.

"Projections and estimates are impossible to make during this crisis period," he said. "Cost plus" should be adopted on new contracts and on the remaining portion of the project overtaken by the current economic crisis."

Reliable sources said the MPWH's current capital outlay of P4.3 billion may be reduced to P3.4 billion next year. Power, irrigation, and rural electrification projects also carry billions of pesos in capital outlay this year.

CSO: 4200/878

MANILA DAILY REPORTS SUCCESSION LAW GAP

Manila BULLETIN TODAY in English 16 Jun 84 pp 1, 10

[Text]

A gap in the continuity of the Office of the President under the new succession rule ratified by the people in a plebiscite last Jan. 27 was noted yesterday by some opposition leaders.

Under the presidential succession law, the speaker of the Batasang Pambansa becomes acting president, with limited powers, until a new president and the vice president are elected.

It was pointed out, however, that since there is no speaker from June 30, when the term of the newly elected members of the Batasang Pambansa begins, to July 23 when the assembly convenes and elects the speaker, there will be no successor to the presidency during that period.

While they agreed with Assemblyman Arturo M. Tolentino that there is no point in debating on this issue because, according to him, "the President is

not going to die during that time and would probably outlive all of us," they stressed the need to set the succession rule in order.

The law provides that the Batasan, with or without call, shall meet within three days after a vacancy in the presidency occurs and within seven days call for the election of the president and vice president not earlier than 30 days or later than 45 days from the date of vacancy.

As acting president, the speaker cannot proclaim martial law without the approval of the majority of all Batasan members. He is also disqualified from running for president in the election.

Tolentino, who sponsored the succession law on the floor, said this point had been debated lengthily and it was agreed that the regular Batasan members elected last May 14 can be called to a special session anytime before July 23 if

there is need for it.

He said the regular assembly can always convene before the July 23 session to act on urgent matters. He recalled that the interim Batasan first met in special session in June, 1978.

Former Constitutional Convention delegate Antonio C. Alano, spokesman of the United Nationalist Democratic Organization (Unido), proposed the calling of a special session of the regular Batasan immediately June 30, to elect the new speaker.

Alano said that at the end of the term of Speaker Querube C. Makalintal on June 30, a hiatus may be created if the President fails to discharge the duties of his office between June 30 and July 23.

The Unido spokesman said that if the proposal is adopted this will prevent a gap in the normal operation of the government as there will be a new speaker who will succeed the president in an acting capacity.

DAILY REPORTS KGB OFFICER'S VISIT PRIOR TO USIS SURVEY FORGERY

Manila BULLETIN TODAY in English 16 Jun 84 p 7

[Article by Aristides de Padua: "Agents Provocateur--Foreign Hand Behind Forged 'USIS Survey'?"]

[Text]

A careful analysis of the fake "USIS Questionnaire" already publicly denounced by the US embassy in the Philippines will lead to the conclusion that a foreign hand was behind the patently bogus document.

Several incontrovertible factors will support that allegation.

First, it was designed to insult the people who receive it, thereby provoking unreasonable anger against the US government and all the agencies under it, including the USIS.

Second, it was distributed simultaneously in various countries in the region, a fact that only a country with a world-wide network of efficient and dedicated agents provocateur can accomplish with maximum impact.

Third, it contained such stereotype words as "active measures" and "disinformation" which are by words in the ideological language of this particular country.

Fourth, it wasn't only by coincidence that a top "disinformation specialist" was assigned in Manila only two months ago before the appearance of the spurious US "questionnaire."

In the light of these essential elements, it doesn't take an incisive mind to conclude that the Russians are behind the forged document.

Let's examine the "questionnaire" being mailed to "influential Filipinos" and the circumstances of its appearance to see if the conclusion drawn really holds water.

Initially, if the document were authentic, it would be an insult to Filipinos as an invasion of privacy and as meddling in the internal affairs of the Philippines.

For example, among other things it asks, the recipients are queried on their annual income, work duties and responsibilities, political party affiliations, court record,

"class" background, etc.

Also, by the way the questions are phrased, it suggests that democracy cannot work in the Philippines, that Filipinos are in politics only to make money. The document likewise hints that Filipinos take religion too seriously, that the church is deeply involved in politics, there is too much freedom of speech, that some ethnic minorities should be treated more harshly than others.

One doesn't have to be an intellectual to determine the ultimate objective of such baseless language, which is to antagonize and upset its recipients.

This being the case, the question asked next is: who stands to benefit most if the Filipinos get angry with the Americans or if the country's internal equilibrium is upset or stirred up?

Furthermore, since the document has its counterparts in various other countries in the region

and their contents are more or less of a similar nature, one can only ask again: Who has the region-wide resources to accomplish this undertaking with a large degree of success?

The logical answer can only be the Russians.

An excellent book by Rich Shultz and Roy Godson entitled "Dezinformatia" explains why and how the Russians employ to their advantage the sinister practices of "active measures" and "disinformation."

"Active measures" is a Russian term describing certain overt (open) and covert (secret, hidden) techniques for influencing events and behavior in foreign countries.

This term may involve manipulation of the policies of another government, undermining confidence in its leaders, disrupting relations between nations, or discrediting and weakening governmental and non-governmental opponents.

"Disinformation" is described as a non-attributed or falsely attributed communication, written or oral, contain-

ing false, incomplete or misleading information which seeks to deceive, misinform or mislead the target.

This is accomplished through rumors, forgeries, manipulative political actions, agents of influence and front organizations.

One of Moscow's top-ranked KGB "disinformation specialists" is Boris Smirnov. He had arrived in Manila barely two months before the fake questionnaire turned up in the mails of Filipino recipients.

He was given a lavish welcome by the Russian ambassador, who was very delighted to honor such a distinguished colleague.

One of Smirnov's more notable feats, said "KGB Today," a well-known and authoritative book on the subject of disinformation, was accomplished in 1976.

Pretending to be a journalist in Tokyo, he masterminded the forgery of "The Last Will of Zhou Enlai." Its purpose was to cause confusion in the Chinese leadership after Zhou's death.

That it was partially successful is proof that Smirnov is an experienced hand at forged documents.

Many interesting questions may also be asked in the light of the USIS forgery. Foremost of these is if the bogus document was the work of Smirnov alone or if it was a scheme involving the whole Russian embassy.

Next may be asked: What other trouble is the Russian embassy cooking up to foment unrest in the Philippines and other ASEAN members?

Corollary to this question is another: If, as can be seen by reading the fake questionnaire, the Russians are trying to set the Malaysians, Indonesians and Thais against their Chinese minorities, are they also attempting to provoke Filipino Muslims against Filipino Christians and vice-versa, Filipino students against the government, etc?

Last but not least, what can we as Filipinos do to counter these insidious and subversive Russian activities?

MILITARY UNITS TO STEP UP FOOD PROJECTS

Manila BULLETIN TODAY in English 17 Jun 84 p 8

[Article by Vic Arevalo]

[Text] Zamboanga City--Southern Command chief Major Gen Delfin Castro has ordered all military units in Region 9 to intensify their food production projects to cushion the impact of the present economic crisis.

Castro ordered that the on-going food production projects in the various military camps and headquarters in Southern Philippines be accelerated, in line with the "Sariling Sikap" movement.

He said these projects, whether on an individual or cooperative scale where soldiers pool their resources, should be accelerated not only to benefit their immediate families but also the communities where they are assigned.

He said the projects follow the concept of compact farming in which several varieties of vegetables are produced and supported by other backyard activities like fresh fish and eel farming, piggery, pugo and poultry raising.

Giant ipil-ipil trees, along with vegetable vines like squash, patola, and stringbeans have been planted along the camp fences.

To be expanded is the military fishing project undertaken in a tie-up with Samal fishermen.

Among the local military units with successful compact gardening projects are the Southern Support command and the Army Engineering Battalion located at Malagutay camp.

Among the individuals who have similar successful projects are General Castro and Col Bramberto Saavedra, deputy for operations of the Southcom.

Military field commanders who have undertaken similar projects in Sulu, Zamboanga del Norte, Basilan and Zamboanga del Sur reported to Castro that the involvement of the soldiers in backyard gardening has minimized incidents due to drunkenness.

CSO: 4200/878

BULLETIN TODAY REPORTS NEGROS TRANSMISSION TOWER DAMAGE

Manila BULLETIN TODAY in English 17 Jun 84 p 9

[Text]

The National Power Corp. (NPC) appealed to power consumers of Panay for "more understanding and a little sacrifice" over the delay in the transfer of its power barge from Bacolod City to Iloilo, due to the destruction of transmission towers and power lines in Negros Occidental.

Some 15 steel towers have been toppled down by lawless elements and power lines have been pilfered, NPC officials said. Thus the supply of geothermal power from Palinpinon in Negros Oriental to Bacolod City and other areas in Negros Occidental has been greatly hampered, they added.

Romeo A. Perlado, NPC regional manager

for the Visayas, estimated the loss in damaged steel towers and pilfered power lines at P10 million. It will take time to restore the damaged structures, he said.

The timetable for the supply of geothermal power to all parts of Negros Occidental has been set back, thus the uncertainty of the barge transfer, he said.

He disclosed that 14 steel towers from Mabinay, Negros Oriental, to Lepanto Mining in Candoni, Negros Occidental, were destroyed and another one between Mabinay and Bacolod City was also sabotaged.

The NPC official appealed to residents in the affected areas to cooperate with the gov-

ernment, especially the military, in pinpointing the suspected vandals. He also asked them to help secure the facilities which he said, benefit everybody, not just the rich or the multi-nationals.

Meanwhile, Iloilo Gov. Conrado Norada, chairman of the Regional Development Council for Western Visayas, said the province will have its own power barge which is now under construction in Japan, and may be operational by December this year.

The NPC power barges, one in Bacolod and another in Mondanao, have a generating capacity of 64 megawatts each.

GOVERNMENT RAISES POWER RATE 21 CENTS PER KWH

Manila BULLETIN TODAY in English 18 Jun 84 pp 1, 18

[Article by Ray Enano]

[Text]

The National Power Corp. (NPC) is raising power rates by 21 centavos per kilowatt hour (kwh) or 24.7 per cent starting next month as a result of the adjustments in prices of petroleum products and the floating of the peso rate vis-a-vis the US dollar.

Government sources said the rise in petroleum prices last June 7 has put more weight on the new effective rates as the adjustment in fuel oil (bunker oil) price alone increased power charges by 14.5 centavos per kwh. The Board of Energy (BOE) adjusted the price of fuel oil from P3.66 to P4.64 per liter.

On the other hand, the same sources said that the new guiding rate of P18 to \$1 increased NPC rates by 6.5 centavos per kwh.

The sources explained that the floating of the peso raised NPC's debt services this year by P788 million from P2.758 billion to P3.546 billion. NPC's foreign debt service for 1984 is placed at \$197 million.

To recover increased costs arising from peso devaluations, NPC has devised a foreign exchange currency adjustment clause in its billings to customers. Under this mechanism, NPC automatically adjusts its power rates once the peso rate plunges vis-a-vis the dollar.

The new power rate increase is the fifth imposed by the NPC since January last year when the peso began to deteriorate against the US dollar. The five rate adjustments were

apart from the six 3/4-centavo per kwh quarterly adjustments effected by NPC that started in September 1982. The quarterly increases were then approved by President Marcos to finance the power firm's 10-year expansion program.

NPC's increased charges are expected to be passed on to consumers by the Manila Electric Co. (Meralco).

However, under Meralco's pricing structure, consumers with consumption of 200 kwh per month or less will not be affected by the new electricity rates. About 580,000 residential customers and 30,000 small commercial customers within the Meralco franchise are covered by the utility firm's subsidy program.

Industries and other large consumers of electricity are expected to shoulder the impact of NPC's new rates

since these sectors subsidize those whose consumption is 200 kwh per month or less.

A study conducted earlier by Meralco showed that at the increased rates effective January this year (when the peso was pegged at a level of P14 to \$1 and before the June 7 BOE decision), the cost of the subsidy is estimated at P1.9 billion per year.

The same study said that the biggest share of subsidy or 45 per cent amounting to P850 million was being borne by the industrial customers, 37 or P700 million by the commercial customers and 18 per cent or P350 million by the large residential customers.

Meralco's pricing structure became the object of concern by Metro Manila-based industries.

The industries

sought the dismantling of the subsidy scheme which was subsequently approved by the Cabinet headed by Prime Minister Cesar E.A. Virata. The Cabinet has so far refrained from implementing the policy.

Dismantling of the subsidy would mean the re-adjustment in electricity rates being charged to residential customers with consumption of 200 kwh per month or less.

Meralco has actually devised a scheme to abolish the current pricing structure. Under the Meralco plan which the Cabinet has not yet implemented, the rates being charged to subsidized consumers will be gradually raised while those slapped on heavy consumers of electricity would be decreased correspondingly.

GOVERNMENT ARRANGES USSR COAL DEAL UNDER NEW FINANCING

Manila BULLETIN TODAY in English 17 Jun 84 p 24

[Article by Ray S. Enano]

[Text]

The Philippines is arranging 200,000 metric tons of coal supply valued at \$8 million from Russia under a different financing scheme following difficulty in getting foreign exchange allocation for coal importations.

Highly-placed industry sources disclosed over the weekend that cement companies have requested approval of the Central Bank to utilize export proceeds to finance importation of coal from Russia.

The sources explained that proceeds of export shipments to Bangladesh and China could be used to finance the imports as CB's earlier commitment of \$23.4 million to the industry is difficult to realize.

Coal importations from Russia would be a deviation from the nor-

mal supply lines of the country which has traditional suppliers in Canada, Australia and China.

The sources said the Philippines decided to tap Russian coal since it is much cheaper and has a higher calorific heating value of 14,000 BTU (British thermal unit).

Russian coal, according to the sources, can be bought at \$40 per metric ton compared with \$43 from traditional suppliers. Average heating value of high-grade coal from other sources is between 11,000 to 12,000 BTU.

The sources said the three previous coal shipments this year would only last for two months as cement plants require the importation to beef up the dwindling stocks of local high grade coal.

The industry needs

about 450,000 metric tons this year for blending with locally available low-grade coal to power cement kilns.

Three separate shipments of imported coal have arrived this month. The first shipment of 23,000 tons from China reached the country last June 4 while the second load of 47,000 tons from Canada arrived last June 6. The third shipment of 34,000 tons from Australia docked last June 11.

The shipments were financed from CB's allocation while another 100,000 metric tons is expected to be financed by the Export Finance Insurance Corp. of Australia which has extended an initial credit facility of A\$50 million.

The sourcing of imported coal from Russia is apparently in

line with the government's policy of dismantling a one-import channel policy in view of the soft market.

Earlier, the National

Coal Authority (NCA) monopolized coal importations. Lately, however, the government has allowed Marinduque Mining and Industrial Corp. to directly import coal for the start-up requirements of the firm's newly-converted coal-fired plant.

Sources of coal importation are also being diversified to prevent a similar situation in the oil industry where the country became vulnerable to supply disruptions.

Moreover, NCA explained that having diversified sources of imported coal would add more leverage to the Philippines in pricing the commodity.

MANGLAPUS ANSWERS MARCOS ON OPPOSITION STAND ON COMMUNISM

Manila BULLETIN TODAY in English 19 Jun 84 pp 1, 10

[Text]

Former Sen. Raul S. Manglapus has replied to President Marcos on the latter's statement that the opposition has allegedly failed to make a stand on communism.

Speaking from Washington, DC, as vice president for foreign relations of the United Nationalist Democratic Organization (Unido), Manglapus said it was President Marcos who opened diplomatic relations with the Soviet Union and its client-states.

The opposition leader said it was Mr. Marcos who abrogated Philippine ties with Taiwan and cuddled up to Mao Tse Tung by having diplomatic and economic ties with China.

The President did all these, Manglapus said, without even consulting with the people since the country had no legislature at the time.

He said Mr. Marcos should be reminded that no opposition member went to Moscow or Peking.

Manglapus pointed out that the various opposition parties have repeatedly stated in their political platforms that they opt for a pluralist society, recognizing even the Communist Party as a political force.

This, he said, is in contrast to the government's "split personality" — on one hand, bowing to states where communist parties are in power and, on the other, ordering the military to jail those suspected of sympathizing with communists.

Manglapus said the President should be reminded that in Western Europe, communist individuals and groups are either in power or in coalition with other parties, mostly socialists. Some are governors and mayors, he added.

On the Unido stand on violence, Manglapus said, "It is precisely why the Unido took a stand on participation (in the recent Batasan elections), since it could not countenance any form of violence."

BIGORNIA ON AVSECOM LAWYER'S ATTEMPT TO INFLUENCE AGRAVA FINDINGS

Manila BULLETIN TODAY in English 19 Jun 84 p 4

[Commentary by Jesus Bigornia: "Avsecom Counsel Should Be Cited"]

[Text]

IF the Agrava board may not cite him for contempt — although it can if its members so desire — Rodolfo Jimenez, counsel for the Aviation Security Command (Avsecom) can be taken to task for a blatant try to influence their findings on the Manila International Airport assassination of opposition leader Benigno Aquino Jr. last August. For, no matter how a reader may view a Philippine News Agency report on a San Francisco (California) news conference, Jimenez' assertion that he "demolished" what he called the "structure of doubt, misinformation and misconception" surrounding the slaying cannot but leave the feeling that he was addressing his remarks to the Agrava board.

What is relevant here is who or what organization arranged the meet. For, if Mr. Jimenez may be well known in bar and bench circles in Manila, he has yet to attain international status sufficient to attract the attendance of representatives from major San Francisco newspaper and news agencies at what the PNA gleefully reports was "a well-attended news conference." For what purpose San Francisco's media was called in is another question the report skirted. It can only be surmised that parties interested in clearing Avsecom personnel of involvement in the Aquino assassination arranged the meeting with the press.

CSO: 4200/878

BANKER REJECTS NEED FOR IMF CONDITIONS

Manila BULLETIN TODAY in English 19 Jun 84 p 17

[Article: "RP Need Not Toe IMF Economic Line"]

[Text]

Jesus P. Estanislao, president of the Associated Bank, said yesterday the Philippines need not subscribe to the usual IMF prescriptions of tight credit, budget cuts and more foreign debt.

Such bitter economic medicine can only delay the recovery since it brings about lower economic growth, more unemployment, and greater dependence on foreign banks, Estanislao, an economist added.

Estanislao, professor of economic policy at the Center for Research and Communication, said three priorities must be attended to for economic recovery to begin. Stopping speculation, containing inflation, and regaining national self-respect must determine the policies to adopt for an economic turn-around, he stressed.

He suggested that speculation can be stopped by removing the "dirt" in the float of the exchange rate so that the differential between the guiding rate and the black market rate is eliminated. This has to be seconded by a policy of interest rates, paid to depositors, "that make economic sense." He defined these as being slightly above the inflation rate.

Measures to fight inflation should depend less on police action and more on drastic tariff reforms. Estanislao calculated that reduction of average tariff rates to nine percent can bring down prices of raw materials and supplies and can obtain price increases. Moreover, large sections of Philippine industries would become more competitive, even

in export market, he added.

Estanislao advocated lesser dependence on foreign borrowings and on the flow of foreign resources into the country. While admitting that success in negotiations with the IMF is important, nevertheless he argued that the country's economic recovery can not be made to depend on the IMF and foreign banks. "Their dogmas they can keep with them in Washington D.C.," he added.

He said further: "Less dependence on foreign borrowings within half a year can reduce the nervousness of foreign creditors and can make them less difficult to deal with. We can even tell foreign bankers in less time than they expect that we don't need and would not want to accept all the money they are willing to lend

us.

"It is imperative that we stand up and speak with conviction to foreign governments and foreign banks. We must not tie up our economic recovery on their seal of approval, on their aid, on their loans, and on their investments.

"Our lifeline back to health and economic growth cannot be according to foreign specifications; rather it has to be acquired by the grit of our people to introduce substantive reforms to our economy; it has to be obtained by our resolve to harness out own domestic resources intelligently so that they can provide for most of what we need; it has to be secured by a diligent control over the flow of foreign resources and of controlling foreign interest into our economy."

MINDANAO LEADERS HAIL APPOINTMENTS OF EX-MNLF

Manila BULLETIN TODAY in English 19 Jun 84 p 23

[Article by Tony Pe. Rimando]

[Text]

COTABATO CITY — Mindanao leaders have strongly hailed the recent appointments by President Marcos of two former Moro National Liberation Front (MNLF) top leaders as acting chairmen of the Lupong Tagapagpaganap ng Pook (LTP) or regional executive council in the autonomous regions of the southern Philippines.

The two are Ameli U. Malaguio, 33, alias Commander Ronnie and Sali Wali, 32, alias Commander Sali, who were named acting LTP chiefs for central Mindanao and western Mindanao, respectively.

Malaguio, a native of Datu Piang town in Maguindanao, replaced Simeon A. Datumanong who ran and won in the last Batasan election in Maguindanao while Wali of Alicia, Zamboanga del Sur took over from Ulbert Ulama Tugung who was

reportedly forced to resign by the President for allegedly utilizing the resources of his office for the election campaign of his wife in Basilan and who was later unanimously voted out as LTP chairman by the members of the region IX legislative assembly.

Commander Ronnie and Sali were members of the first batch of MNLF top leaders who were trained in guerilla warfare in the early 1970s in a foreign country.

Assemblymen-elect Vicente Cerilles and Isidoro Real, Jr of Zamboanga del Sur said the appointments of Malaguio and Wali would go a long way in hastening the normalization of peace and order in the Southern Philippines.

The same view was expressed by reelected Assemblymen Celso Pal-

ma of Tawi-Tawi and Hussein Loong of Sulu, a former rebel commander.

Palma and Loong expected that the two new regional executive council officials could find effective ways and means to convince other MNLF members still in hiding to return to the fold of the government and ultimately restore tranquility in the area.

North Cotabato governor and Assemblyman-elect Carlos B. Capelo and Dr. Payakan Tilendo, officer-in-charge of the Cotabato Polytechnic State College, said the elevation of the two ex-MNLF leaders to their new posts was a partial realization of the Tripoli Agreement which called for, among other things, the appointments of qualified and deserving leaders of the diament group as top officials in the autonomous regions.

TERRORISTS STEP UP KILLINGS, 5 DIE IN DAVAO

Davao City THE MINDANAO DAILY MIRROR in English 16 Jun 84 pp 1, 7

[Text]

Tagum, Davao del Norte — A civilian home defense force (CHDF) volunteer was gunned dead in front of his terrified wife and children at barangay Camansi, Montevista, Davao del Norte Thursday evening while, four others died in killings attributed to terrorists.

Slain by a five-member liquidation squad was CHDF Juanito Milano, 36. Three bullets from a .45 caliber pistol found their mark on the victim's head.

Montevista police probers said the gunmen immediately fled towards barangay Prosperidad, also of said town after the fatal shooting.

Also killed while about to take their supper was a certain Antonio M. Actiba, 30 of barangay Tapia, Montevista. The victim sustained seven bullet wounds from a carbine rifle in the head and body.

A certain Liza Garing, 16 the victim's sister-in-law who was preparing the table for supper was seriously wounded during the attack. She is now confined at the Christ the King Hospital here.

A farmer suspected by terrorists as a government informer was mowed to death by three unidentified armed men at barangay Libaylibay, Maco, early Thursday afternoon.

The victim one Ricardo Lina-bus, 29, was on his way home from Tagum when attacked and killed by the three armed men. Initial investigation disclosed that the victim was suspected by his killers as the one who fed information to the military.

Another farmer, Dionisio Navarro, 56 of Kapatagan, San Vicente was cultivating his small farm in the outskirts of the barangay when shot to death by three alleged rebel hitmen. He died on the spot from multiple bullet wounds.

Sgt. Hernanito Perez, San Vicente police station commander, reported that the victim was in the liquidation list of the rebels for his failure to give assistance to them.

Adrian Evangelista, 30, was on his way home from his farm at barangay Sawata, Asuncion when two unidentified men armed with a bolo and a hunting knife attacked him.

His dead body was discovered by a neighbor-farmer sprawled along the trail a few meters away from his coffee plantation. His cadaver bore multiple hack and stab wounds.

Asuncion police probes theorized that the gory crime must have been perpetrated by terrorists who are out to sow terror to those who refused to lend their assistance to their movement.

CSO: 4200/883

PDP-LABAN DAVAO STATEMENT CITES LACK OF INDEPENDENCE

Davao City THE MINDANAO DAILY MIRROR in English 13 Jun 84 pp 1, 6

[Text] We are not free and we are not independent.

Thus declared the opposition Filipino Democratic Party-Lakas Ng Bayan (PDP-LABAN), Davao City Council, on the occasion of the nation's observance of its "86th Independence Day."

In a statement issued yesterday, the PDP-LABAN cited three major indications of our lack of independence. These are: the World Bank--International Monetary Fund (WB-IMF) interference in Philippine affairs, the presence of the U.S. military bases on Philippine soil, and the dominant role being played by foreign multinational companies in the Philippine economy.

Because of an indebtedness of \$26 billion, the Philippines had been practically reduced to the status of a beggar that cannot decide for itself but can only do the bidding of the lender or giver, according to the PDP-LABAN.

The opposition group also noted that the American bases in the country will drag the Philippines into an unwanted war not of our own making. The presence of the bases, the PDP-LABAN said, also serves as a political pressure on the Philippines even as the active support and preferential treatment being given by the Marcos administration to foreign transnational corporations has assured the latter a position of dominance in our economy.

The Philippines then must struggle to free itself from this neo-colonial and imperialist hold particularly of the U.S. in order to become truly independent, the opposition group added.

On the other hand, the PDP-LABAN Davao City Council also held a march around the city and a rally at Rizal Park last Friday, June 8 to protest the continued dictatorial rule of President Marcos and his monstrous bungling and mismanagement of the economy resulting in the present economic crisis.

The march and rally was the first such mass action in Davao City since the last election and has shown the PDP-LABAN as an entirely different kind of political aggrupation. In an official leaflet, the PDP-LABAN pledged and invited the citizenry to join it in its struggle for freedom in the "Halls of Parliament (Batasang Pambansa) and the Parliament of the Streets."

CEBU PAPER ON 'PERIOD OF FERMENT,' 'DAILY DEMONSTRATIONS'

Cebu City VISAYAN HERALD in English 16 Jun 84 p 3

[Editorial: "Period of Ferment in RP"]

[Text] Today's stage of Philippine history can well qualify to be called as a time or period of ferment. There is discontent that seems to be a raging tide everywhere and there seems to be no way of stopping this raging tide.

In Davao City, in Central Philippines, or in Metro Manila, one finds daily demonstrations. And all sectors of society are getting involved: the youth, the labor group, the workers in government, the professionals, the businessmen, the masses and urban poor. These demos are generally peaceful but violence occurs every now and then.

Filipinos have learned to resort to mass action as an effective weapon. They stage protests against almost every ill in society and government. They air anger against the difficult times which they ascribe to the ruling power. Even America is not spared from these rallies and demonstrations. Demos against American support with her arms used against killing brother Filipinos are held in front of solution.

The people are already roused by the very difficult time of survival today. The problems they face are definitely spawned by bad government policies.

The surging tide of discontent should be seen as handwriting on the wall. No less than a change of government attitude and policies towards the people is most urgently needed. If Mr. Marcos will ignore this strong sentiments of the nation he might find the situation beyond solution.

CSO: 4200/883

PHILIPPINES

VISAYAN HERALD REPORTS 12 JUN 84 RALLY DENOUNCING 'U.S. IMPERIALISM'

Cebu City VISAYAN HERALD in English 13 Jun 84 pp 1, 4

[Text] A Coalition Against People's Persecution-sponsored rally was held at the plaza [word indistinct] Osmeña after a march through the city's major streets in protest against US imperialism and the "fake Philippine Independence."

Close to 5,000 people raised their clenched fists when the "Ang Bayan", the opposition's theme song was sang.

Speeches delivered by prominent opposition personalities like Assemblywoman-elect Nenita Cortes-Daluz and Atty. Democrito Barcenas were interspersed with chantings of "Ibigsak", "Makigbisog", and "Mabuhí ang mga kabus."

Daluz lambasted the Marcos administration emphasizing on the alleged election frauds in the recent Batasant Pambansa polls.

Atty. Democrito Barcenas delved on the US support for the Philippines which he said was the cause of all the ills the Filipinos are suffering now. He also said that this is the time to unite against the power of the US-backed dictatorship of President Marcos.

Maning Villarosa, representing the business sector, told the audience that Gen. Emilio's declaration of independence is a fake independence saying that the real independence declared by a Filipino was that of Lapula-[word indistinct]. Sak Campaner's speech touched also on US backing and torture.

CSO: 4200/883

FIRST LADY'S VIEWS ON PRC, LOCAL REVOLUTIONARIES COMPARED

Cebu City VISAYAN HERALD in English 11 Jun 84 p 3

[Commentary by Al Alinsug in the "Publisher's Column": "Imelda's Example"]

[Text] Inflation which is estimated at 40% is expected to relax by year's end, according to PM Virata. Will this also mean a roll back in prices? That will be too much to expect.

The First Lady is reported to be inspired by China. She is referring to PROC, the communist China. Talking to the outgoing Chinese Ambassador Mo Yanzhong, she was quoted as saying: "We are inspired by the example of the People's Republic of China in coming out of a dark world of colonization into the bright new world of modernity with a vibrant and progressive society."

Our comment: does the FL want to colonize the Philippines some more in order to arrive at modernity and progress? Is she aware of the killings and sacrifice of human liberty in the attainment of that progress? Is she not inspired by the progress of the great democracies of the world without blood?

Our society today is already bloody due to the conflicts that arose out of the imposition of martial law. And yet we still rely on colonization as inspiration to be able to achieve progress and modernity. With authoritarianism, so much anguish has been created in the nation. We have rigged elections, abuse of power, atrocities, and all forms of government shenanigans because a group of politicians want to continue to lord it over the populace. If we do not return the country to perfect democracy, our people will continue the democratic struggle. Imelda should not be giving the wrong example of our people who believe they have been oppressed and have been suffering from continued oppression by the ruling power.

On the other hand, a note of ambiguity is sounded by FL's words. She represents the establishment which is fighting the rebels. This leads me to think that her observations are rather uncalled for when we consider that right here in our country the very government she is riding in is battling against rebel forces which are communist-inspired and communist-oriented. It should be the rebels who should be saying what she said. Communist China has achieved what Imelda is referring to through a revolution. FL must have forgotten that the nationalist Chinese government was driven to Formosa through violence and bloodshed. What is Chinese mainland today is a monument of the struggle of the masses against a democratic government mismanaged by its leaders.

CEBU COLUMNIST DESCRIBES ENRILE'S VIEWS, 'IGNORANCE'

Cebu VISAYAN HERALD in English 7; 8 Jun 84

[7 Jun 84, pp 3, 10]

[Commentary by Ernie Arcenas in the "Just a Minute" column: "Encounter With Enrile"]

[Text] A very interesting exchanged of views, ideas, and information was made between Defense Minister Juan Ponce Enrile and members of Cebu's media.

It was supposed to be an interview but the Minister preferred a free wheeling discussion of the nations' state of affairs as newsmen present at the meeting hurled questions on subjects ranging from the peace and order situation, politics, economics, the rebel movement, Marxism, communism and the military establishment itself in which he heads in the cabinet. The minister not only answered the questions but also asked queries and made statements very disarming to the proponent of the question.

I would rather call the meeting with the defense minister as an encounter and in that encounter he passed the exercise with flying colors. I could sense that he was very careful with his statements and precise to the point but in matters involving the military establishment he was sensitive to the point of being evasive. To me his actuation was understandable, because the military was the forefront in the defense of the established authority or government which for so many years had become unpopular to the broad masses of the people or the governed.

As a communicator, I deemed it my responsibility to convey to the readers of this newspaper what transpired in that verbal encounter. As I said there were so many subjects covered but I would like to deal on subjects that interest me most. I just hope that my readers would likewise be interested in the following topics which the minister so willingly discoursed during that encounter.

Presidency

Enrile said he may run for President in 1987 if President Marcos and the First Lady are not running for the presidency. Since 1987 is still a long way to go, events that may happen may compel him to run. And in jest he said "Who knows I might join the UNIDO."

Reimposition of Martial Law

Imposition of Martial Law again is not justified. He said the threat of the communists or the New People's Army is manageable and it has not reached the critical stage.

Communist Party of the Philippines

Enrile said he favors the legalization of the CPP on condition that they renounce their use of violence to achieve their political ends.

Denial

The defense minister denied he had an existing rift with the President saying he could not have stayed as member of his cabinet if the President does not like him anymore. He said the President retained him from his post as Minister of National Defense when he tendered his resignation.

Authoritarianism

Former Sen. Emmanuel Pelaez claims that we are under authoritarian rule is based on historical facts and not on actual events in the country. Enrile said today we are so far advanced in our democratic dialogue. Referring to the meeting, he said "we are with in the arena of a democratic dialogue." To prove his point, Enrile cited the recent elections. "To the great surprise of the opposition they succeeded in getting more seats to the Batasang Pambansa," he added.

U.S. Base

He favors the retention of the bases in the country. It is not so much on the compensation paid by the U.S. government but the quantified value of the presence of the bases for the security of the country from external aggression. He said the Philippines is not in a position to spend money for naval and aerial defense.

Sedition in Cebu

Enrile said he has no knowledge about the recent events in the city but said that if there are grounds for the filing of sedition against opposition leaders, the military authorities here are duty bound to file charges against them.

These are just a portion of what the Minister told the newsmen but in exchange, the ever tolerant and amiable Defense Minister, who said he is on Rest and Recreation here in the city after his inspection trip to Mindanao, also got a medadose of views and opinions expressed by the diversified media personalities who were present in yesterday's encounter at the coffee shop of the Magellan International Hotel.

[8 Jun 84 pp 3, 10]

[Commentary by Ernie Arcenas in the "Just a Minute" column: "Where Does the President Get His Information?"]

[Text] While Defense Minister Juan Ponce Enrile told us vital information about the nation's peace and order situation particularly the insurgency in the country, he showed ignorance on so many important events currently unfolding in the country.

His knowledge about the country's peace and order situation is limited in the sense that what comes to him coming from his subordinates in the provinces and cities are already "sanitized."

In that dialogue with Cebu's media, the other day, the defense minister was caught with his pants down when he said: "Hadn't the President released detained opposition leader Ribomapi Holganza? "I thought he was released already," he added.

Enrile also expressed no knowledge about the move of military authorities here to file sedition charges against opposition leaders here who allegedly incited the demonstrators to storm the Cebu Provincial Capital causing the death of one and scores seriously injured from the ranks of the civilians and the military.

Enrile also showed his ignorance about the existence of the "Lost Command" in Mindanao. It took a media man to inform him that the leader of the dreaded squad is still very much alive and operating in one of the provinces in Mindanao.

These pieces of information lumped together including other sensitive matters, are precisely what causes the disenchantment of the people against the military establishment.

It was very clear during that meeting with Cebu's media that the defense minister is not in constant touch with the President. It appeared, to my assessment, that Enrile operates on his own and is not in constant communication with the President in matters relating to the peace and order situation insurgency, and the latest political developments.

While the President said that the communist rebels are gaining in strength, Enrile said another. When asked if the President knows about his proposal favoring the legalization of the Communist Party of the Philippines, Enrile categorically answered no.

All the while, I was having the impression that President Marcos is running the affairs of this country in consultation with or is getting information from his close advisers such as the defense minister before decisions are made. In short, President Marcos is not getting the right assessment of the communist movement, the peace and order situation and the grave realities engulfing this land.

UNIDO FORMS ANTI-COMELEC GROUP

Manila PHILIPPINES DAILY EXPRESS in English 21 Jun 84 pp 1, 6

[Text] THE OPPOSITION has formed a special committee to gather documents for impeachment proceedings to be initiated against certain Comelec officials when the regular Batasang Pambansa convenes next month.

Named to head the body was ex-Comelec chairman and UNIDO Assemblyman-elect Jaime Ferrer.

Opposition leaders from various regions were sounded out to submit documented cases when opposition assemblymen-elect meet again in a caucus next week.

The caucus will also decide the minority leadership in the regular Batasan.

THE UNIDO legal task force headed by lawyer Raul Gonzalez was tapped to coordinate the gathering of evidence to support impeachment resolutions to be introduced in the legislature.

Opposition leaders have prepared a list of specific cases but details were withheld for the time being.

THE CONTEST for minority leadership has intensified with only five days remaining before voting day.

The rivalry took a new shape as PDP-LABAN Assemblyman-elect Aquilino Pimentel Jr. said he is keen about the post after Assemblyman elect Ramon MIRA said he is out of the race.

Pimentel became the first aspirant to have come out openly. Others have so far showed their intention through "whispering campaigns."

Others prominently mentioned as interested were former Sen. Liva Estrada-Kalay, and former Trade Minister and UNIDO assembly man-elect Luis Villafuerte, who topped the Camarines Sur polls.

The minority leadership post was until recently conceded to former Speaker Jose B. Laurel Jr. but the UNIDO presidency presently held by his brother, Salvador Laurel, appears to have affected his draft as common candidate.

CSO: 4200/883

MNLF ALLEGED IN TWO MASSACRES

Manila BULLETIN TODAY in English 23 Jun 84 p 28

[Text]

COTABATO CITY — Ten persons, including a family of five, were massacred in two separate incidents early this week when heavily armed men attacked two coastal villages in Davao town, Maguindanao, it was learned here yesterday.

A report received by regional unified command (RUC12) chief Brig. Gen. Cesar S. Tapia, identified the massacred victims as members of a certain Bustos family in Barangay Linik. One of the

fatality was a two-month-old baby boy.

Gen. Tapia said members of the family were sleeping when they were awakened by armed men believed to be members of the Moro National Liberation Front (MNLF Lost Command) **(as published)**

The rebels reportedly rained the Bustos house with shots from M16 Armalite rifles until all the members of the family were killed.

In the second incident, another group of suspected MNLF dissidents

raided barangay Malkan killing five residents. Their identities were not immediately known.

Motives of the two incidents have not yet been determined.

Tapia ordered Col. Homer Capulong, commander of the 36th Infantry Battalion (IB) to conduct a massive search for the killers [Tony Pe. Rimando]

CSO: 4200/883

OFFICIAL HITS 'COLONIAL JOURNALISM' AT UN SESSION

Manila BULLETIN TODAY in English 23 Jun 84 p 28

[Text]

UNITED NATIONS — Philippine Minister of State for Information Jose T. Tumbokon declared that "the balancing of news and information flow world-wide" will be a top priority of Third World efforts to strip the system with colonial features.

Tumbokon, a delegate to the UN committee on information session, said the main thrust would answer developing nations' chief complaint that their bids to correct inaccurate reports about themselves have always been "muffled by the more massive and sophisticated wire agencies of the West."

"The victims of colonial journalism, mostly small and emerging nations, have consistently registered their protest in recent years," he said, "and in this session, the Philippines will again be in the forefront of recast-

ing an obsolete, unbalanced system."

He revealed the Philippines would favor, among other things, renewed UN support and encouragement to the setting up of a news exchange network in a regional basis as an initial step towards a global dimension.

"Happily, concrete steps have already been taken by a good number of concerned Asian nations towards a regional network and I, for one, have all the reasons to hope that the UN, which is dedicated to ennobling the human spirit, would not yield to the machinations of powerful nations to sabotage the ongoing project but instead inspire and help them perfect it," he said.

Philippine Ambassador Luis Moreno-Salcedo is the chairman of the UN information committee since last year, while

Tumbokon at that time took over as sit-in head of the Philippine panel in the committee.

SEC REPORTS 79 PERCENT OF FIRMS IGNORE RULES

Manila BULLETIN TODAY in English 23 Jun 84 p 12

[Text]

The Securities and Exchange Commission (SEC) disclosed yesterday that 79 percent or 129,195 of the 163,940 corporations all over the country have been ignoring SEC's reportorial requirements.

The commission made the disclosure in response to observations that almost always, the SEC cannot provide businessmen with the information they ask from the commission.

It said it will revoke the certificates of all firms which refuse to submit the required financial statements. The revocation or cancellation of certificates of registration will cut short the firms' corporate life, it was pointed out.

The SEC has been imposing penalties and issued warnings on these firms. Despite the penalties, however, several firms ignore the commission's reportorial requirements. It even imposed heavy fines on corporations which continue to disregard the requirements.

As of May 31 this year, the commission had prepared orders regarding violations of the reportorial requirements to some 165 firms, 54 of which were found to have violated other provisions of the SEC rules and the Revised Securities Act particularly on the borrowing limits.

Aside from its regulatory function, the SEC also serves as the repository of informations on business activities of firms. The SEC,

aside from the filing of financial statements, requires firms to file their minutes of stockholders' meeting, general information sheets and annual reports.

The law specifies the penalties to be imposed on firms which violate both the submission of financial statements and the reportorial requirements.

Meanwhile, the Credit Information Bureau, Inc. (CIBI) had asked the commission to require all issuers of commercial papers to undergo full credit evaluation with the bureau in view of the present adverse business and economic conditions.

The SEC money market operations department, however, observed that only the referral of applications on the issuance of short-term commercial papers is covered by an expressed provision of the new rules on commercial paper issuance and registration.

The commission directed that the referrals of commercial paper application shall be made to the CIBI on case to case basis, until the long-term commercial paper rules shall have a provision similar to that of the short-term.

SEC records showed that for May this year, the commission registered 163,940 firms consisting of 124,285 stock corporations and 39,655 partnerships. This cumulative total does not include those entities registered at SEC extension offices.

\$1 B COCONUT EARNINGS FORESEEN, HOPES BOOST ECONOMY**Manila BULLETIN TODAY in English 21 Jun 84 p 10****[Text]**

The government foresees the coconut industry to be the country's economic recovery "booster" as export earnings from coconut products are expected to reach the billion-dollar-mark before the end of this year owing to the high prices accorded to them in the international market.

Economic Planning Minister Vicente B. Valdepeñas, Jr. said yesterday that the revised projections on the export earnings of coconut products were about 34 per cent higher than the previous projections of \$750 million.

Valdepeñas stressed that the price of coconut oil a pound was quoted at 63 cents as of June 1, 1984, representing a 100 per cent increase over the 32 cents posted during the same period last year.

He even expressed optimism that prices of coconut products in the international markets

will remain high as other competing oil substitutes such as soya beans are in short supply in other producing countries like United States.

Speaking before a luncheon meeting of the members of the Philippine Columbian Association yesterday, Valdepeñas pointed out that with the present economic trends, the pattern of the country's economic growth will be determined by a balanced growth between agriculture and industry.

He said that current economic indicators have shown that agricultural products like coconut and lumber have improved much and hinted that they could be the country's economic recovery "booster" in the coming years.

In order to restore normal growth and social gains, he said, the government has drawn a five-point economic

program involving the restructuring of external debt, short-term stabilization, structural adjustment, refocussing of economic priorities and promotion of social development.

As part of the current stabilization efforts, the government also initiated economic stabilization measures aimed at easing the foreign exchange situation and maintaining the viability of priority economic operations.

Valdepeñas said that the measures are geared towards the overall development program emphasizing balanced agro-industrial activities.

Balanced agro-industrial development has been endorsed by the national leadership as a strategy to figure prominently in the country's development efforts in the next few years.

MANILA PLANS FOOD CENTERS TO ALLEVIATE HARDSHIPS

Manila BULLETIN TODAY in English 20 Jun 84 pp 1, 14

[Article by Jun Ramirez]

[Text]

Manila City Hall will make available low-cost cooked food to families in the depressed areas to help alleviate the people's hardship in the face of increasing cost of living.

City Hall officials said the welfare-oriented project comes under a program called "Bubong ng Kabuhayan," a new project to be launched by the city administration.

As conceived, operations centers will be established in each of the four congressional districts of Manila to be located in the following secondary schools: Torres High School in Tondo, Arellano High School in Sta. Cruz district, Mag-saysay High School in the Sampaloc district and Araullo High School in the fourth district south of the Pasig.

The program will be launched during the celebration of "Araw ng Maynila" on Sunday, which commemorates the 413th anniversary of the

city.

The low-priced food will be prepared in and distributed from the centers to card-bearing families which will be chosen after screening to be conducted by the Manila Social Welfare Department.

If the program turns out to be successful, city officials said more distribution centers will be set up.

An initial outlay of P1 million has been released to underwrite the project.

The distribution centers will also be developed into production centers where commodities will be produced for sale to the needy at cost.

The initial targets of production are goods needed by various units of the city government and the city hospital, such as chalks, pillow cases, and t-shirts.

Low production cost is assured since vocational school graduates of the city will be harnessed in the initial phases of production.

PRC ENVOY CITES PHILIPPINE PEACE EFFORTS

Manila BULLETIN TODAY in English 20 Jun 84 pp 1, 14

[Article by Brenda P. Tuazon]

[Text]

Ambassador Mo Yan Zhong of China cited yesterday the role of the Philippines in the discussion of the Kampuchean issue and said the Philippines has contributed greatly to world peace.

China, because of its unique relationship with the Kampuchean problem, appreciates this role of the Philippine government," Ambassador Mo said during a farewell reception held at his Dasmarinas Village house last Monday.

In an interview during the reception, Ambassador Mo cited the impor-

tant role President Marcos has played in enhancing Fil-Sino relations "by conforming with the common wish of our two governments to maintain peace and stability, not only within the region but in the world."

President Marcos, according to Ambassador Mo, has been very cooperative and helpful in the consolidation and development of Fil-Sino relations, especially on the Kampuchean issue which he said is conducive to world peace.

He said China and the

Association of Southeast Asian Nations (ASEAN) have been cooperating for a peaceful solution of the issue.

"We are of similar ideas, points of view, and supporting each other in different international conferences on the Kampuchean issue has played a major role in the maintenance of peace for the rest of Southeast Asia," Ambassador Mo said.

The Chinese ambassador leaves today for Peking. The ambassador has been promoted to vice minister in the Office of Overseas Chinese Affairs.

His new position in Peking after Manila is an office directly under the State Council, a cabinet position headed by Chinese Premier Zhao Zhiyang. All ministers are members of this council in the cabinet of Premier Zhao.

At the same reception which was attended by the entire diplomatic community and high ranking government officials, Ambassador Mo said:

"I take this opportunity to thank the Philippine government and the diplomatic corps for the friendship and cooperation extended to my government during my tour of duty, without which support and success on all our mutual undertakings would not have been made possible," he said.

The Chinese ambassador also thanked the First Lady, Mrs. Imelda R. Marcos for having successfully promoted friendship agreements between China and the Philippines citing especially the US\$50 million "Philippine-China Friendship Hotel" which will soon rise in Canton.

During the reception, Argentina Ambassador Hugo Carlos Bonnet, acting dean of the diplomatic corps, presented to Ambassador Mo a silver memento bearing all the signatures of the ambassadors based in Manila to symbolize "the cordiality that Ambassador Mo and his wife Madam Li Guorong have awakened in us."

BRIEFS

EMBASSY CLOSURES--The Philippine Foreign Ministry has shut down some of its embassies and plans to close more in order to improve its operations and cut down expenses, a ministry spokesman said yesterday. "We are streamlining our representation abroad," Counsellor Edmundo Libid told Agence France-Presse. He said the foreign missions that had folded up since last year included the embassies in Vientiane and Caracas and the consulate in Tarakan, Indonesia. Libid said more embassies and consulates would be closed but some new ones would also be opened since "it's a matter of responding to actual needs." "This is in accordance with the program in countries which are not very affluent," the spokesman said. "We avoid unnecessary expenditures." He also said the ministry found out that overstaffed embassies were less effective than properly staffed or slightly understaffed offices. [Text] [Manila BULLETIN TODAY in English 21 Jun 84 p 24]

SUGAR IMPORTS EXCEED EXPORTS--LONDON, June 19 (Reuter)--The Philippines imported 287,000 tons of sugar raw value in January-May 1984, partially offset by exports of 264,000 tons in January-April this year compared with exports of 337,000 tons in the first four months of 1983, statistics published by the International Sugar Organisation (ISO) show. The Philippines imported no sugar in 1983 but has had to buy on the world market because of drought, sugar analysts said. No 1984 production details are listed after output of 2.06 million tons in 1983, down from 2.71 million in 1982. Origin of imports includes Argentina 74,000, Brazil 74,000 and Thailand 111,000 tons. [Excerpt] [Manila BULLETIN TODAY in English 20 Jun 84 p 10]

CSO: 4200/883

ROYAL THAI NAVY PLANS TO MODERNIZE DEFENSE CAPABILITIES

Bangkok THE NATION REVIEW in English 5 Jun 84 p 5

[Text]

NAVY Commander-in-Chief Adm Prapat Chantaviraj recently discussed the Royal Thai Navy's plan to modernize naval defence capabilities in an exclusive interview with *The Nation*.

The Nation today publishes excerpts from the interview.

Q: Can you brief us on the Navy's plan to boost the defence capability of the country?

A: Yes, we have five-year and 10-year plans since we don't get much money from the government. You know, some of our projects cost about 3,000-4,000 million baht each and, therefore, we have to draft our plans in accordance with our budgets.

Since I took over as navy commander-in-chief [last October], I haven't had to initiate new projects; all I have to do is to adjust the existing long-term projects to the present situation and our financial powers. There have been no serious problems in making the adjustments by far.

Q: So, the drawing board for the next fiscal year must also be adjusted to the budget.

A: Yes, when we know how much money the government will give us, we adjust our needs for new ships and weapon systems for the coming year. For instance, we have made adjustments to our plan to acquire Corvette-class ships and the weaponry to be installed on vessels. We have resorted to instalment payments for our weapons. We will pay about 25 per cent or 30 per cent for the weapons we are going to purchase

this year, and we need to know the amount of next year's payment in advance too.

Q: Since you took over as naval force chief, what new weapon systems has the navy bought?

A: We have replaced, on the drawing board, a personnel transport vessel and an oil tanker with a large landing ship tank (LST). We have called for bidding for the building of the LST and agreed to clinch a deal with a bidder who offered price lower than the initial estimated cost. As a result, we will have a sum left over from the budget to purchase patrol craft to be constructed locally. We are waiting for approval from the Cabinet for our plan to conclude the deal.

We are making preparations to call for bidding for the building of the mine sweeper. Before the bidding is organized, we have got to make adjustments to the requirements by reducing our demand for some of the weapons to be installed aboard the vessel, otherwise the price would be too expensive for us.

Q: Can you tell us the prices of the two vessels to be constructed?

A: Each will cost us about 500 million baht, according to our ini-

tial estimates. The prices have now gone up a little. The vessels are very sophisticated and equipped with much modern equipment and weapons.

The LST will displace about 3,000 dwt (dead weight tons). The Italthal Marine Co Ltd in Samut Prakarn has offered the lowest price and won the bid. The offered price is lower than the ceiling price fixed by the Cabinet.

The government has a policy of promoting the domestic ship-building industry and has set the ceiling bid price about 15 per cent higher than that for foreign ship-building firms.

Q: When was the bidding held?

A: We did not make public announcement for the bidding because otherwise many foreign companies which we have never contacted and are not familiar which could have joined in the bidding. We want only companies with which we have had previous transactions to participate in the contest. There are only two Thailand-based ship-building companies which entered the bidding: the Bangkok Dock and the Italthal Marine Co Ltd. The Korea Takoma Co offered the lowest price. Then, we asked the company whether it could build the vessel in our country, because we have a policy of promoting the domestic ship-building industry. The chairman of the company later held talks with me, and I explained to him that we will conclude a contract only with a domestic company. I suggested that his company strike a deal with a domestic company on the sales of materials and the design for the construction of the vessel. We will not concern ourselves with the strings in the deal, but we will only conclude a contract with a domestic company if it offers an acceptable price.

Q: How about the mine sweeper?

A: We have held bidding, but all of the bidders proposed too expensive prices. Therefore, we have to call another bidding, and we are now working on the details,

which are numerous, to adjust our requirements, so that the cost can become cheaper.

Q: How about weapons systems?

A: We will buy Sting Ray anti-submarine torpedos from Britain. Britain and the RTN have agreed in principle to conclude a deal, and we are now in the process of working on the details of the contract. We will have to ask for approval from the Cabinet for the purchase, which will cost us about 150 million baht, which will be paid on an instalment basis. It will take many years for us to pay for the torpedos, which will total about 12. We plan to arm the two Corvettes, which are being constructed, with the Sting Ray torpedos. We can also put them on aircraft, like the Fokker aircraft, we have previously purchased.

Q: Were negotiations with the British brought up when British Minister of State for Defence Procurement Geoffrey Pattie visited here in April?

A: No, we started negotiating with the British well before his visit. The British minister only took note of the progress of the negotiations and of the immediate prospects of concluding the deal during his trip here. We like to haggle over prices and naturally, Westerners apparently do not like our way of bargaining. For example, when they offer 100 million baht, we will bargain until the price goes down to 90 or 80 million baht. Therefore, the Westerners have told us: "The Thais have a strange habit of bargaining" - that is, we bargain until they have to meet the price.

Q: Does the RTN intend to acquire the torpedos from the potential threat to our territorial waters?

A: Yes. The threat does exist but there are also other considerations. It's the kind of weapon that we must have, and we have chosen Sting Ray torpedos following a comparative and careful study on the qualifications and prices of three types of torpedoes. Apart from the Sting Ray, we considered the American-made Mark 46

and the Italian-produced White Head.

Believe me, the RTN has tried to preserve our national interests, and we are not going to spend the money from the people extravagantly. This is my principle.

Q: How about the US-made Phalanx gun system that the RTN initially planned to purchase for Corvettes?

A: We have decided against it, and leave open our choice for an anti-aircraft gun system for the light frigates. Although the Phalanx is still in service in the US armed forces, we should not rule out the possibility that within one or two years, the system could become outdated and decommissioned [the two Corvettes are due to be completed and handed over to Thailand within one or two years].

Q: What are the other weapons systems for Corvettes?

A: They include anti-aircraft guided missiles. We have decided to purchase Italian-made Espevedes after the Americans refused to sell us the new version of their guided missile, which we wanted. I have told the Americans that if and when the Royal Thai Air Force (RTAF) acquired the F-16 A-100 jetfighters from the United States, the RTN should also obtain the modern missile. This is a matter between the two governments, and not between the THAI and US militaries. The Americans have got my point. When they refused to sell us the missile, we had to look for another choice - the Italian-made missile which has similar capabilities and price.

Q: You mean we have decided on Espevedes missiles instead of the US-made Sea Sparrow 7-H missiles?

A: Yes, because we learned that the Americans are changing from the 7-H to a more sophisticated 7-M version which they have not sold to foreign countries. We are lucky that the RTAF is pushing for the acquisition of the F-16 A-100 jetfighters, because if the bid is successful, it will set a precedent for us to bargain for the

purchase of the sophisticated version of the guided missiles.

Q: How about the plan of the RTN to purchase submarines?

A: We are studying the plan very carefully because it will cost us billions of baht. We have to wait until the 1986 fiscal year, when our financial restrictions will be eased, because by then, we will have lived up to most of the financial obligations for our weapons.

Q: What are possibilities of purchasing a submarine in 1987 or 1988?

A: Yes, it will be possible by then. But it is a very delicate matter and we have acquired substantial information for consideration.

Q: What is the estimated cost for the initial phase of such a project?

A: Well, I think it will cost us at least five billion or six billion baht, and we would have to spread the payment period over four or five years. We could not afford to pay the whole sum of money in one year. There is no problem concerning skilled personnel to man the submarines, because there is now much training equipment.

Q: What foreign countries have the RTN approached in this regard?

A: We have just asked for general information and have not made any commitment. There are many countries, including Australia, West Germany and Belgium. We have just asked for general information, such as the prices of their submarines.

Q: Can you give us an idea about the size of the submarines that the RTN might purchase?

A: I think the displacement load should not exceed 1,000 dwt at the most. Actually, we prefer smaller ones but it's very expensive as the manufacturers must work out a new design.

Anyway, we have not made any commitment with any country. We have just observed submarines in countries such as Britain, West Germany and the Netherlands.

Q: Is it a policy of the Navy to diversify the sources of weapons?

A: Yes, it is. We have tried not to rely too much upon any single country for arms supplies. The various sources have consistently updated their weaponry. NATO (the North Atlantic Treaty Organization), for example, has standardized their weapons system, and we have to judge what types of weapons will fit in with our system. Sometimes, we have to coordinate our system with those of our allies. For example, since we have Harpoon missiles, we have to consider the tonnage of a submarine that can be fitted with Harpoons. Harpoons can only be fired from a pretty big submarine. I am not quite sure whether a 1,000-ton submarine can carry Harpoons.

Q: How do you assess the possibility of ASEAN countries standardizing their defence systems, as proposed during the recent Hawaii meeting in the United States? I understand that the United States then proposed that countries in this region should standardize their defence systems.

A: Yes, we would like to do so, but we could do it only in certain areas. The major problem is the difference in the nature of our defence systems, and our limited budgets to develop our systems. Discrepancies in the qualifications of manpower in the ASEAN countries pose another problem. But almost all of our weapons have been standardized.

Q: Where do you think our naval force ranks among ASEAN countries?

A: Our naval force does not rank high. Although we have warships armed with guided missiles and considerable assault power, most of our vessels are old, and we have started to replace them step-by-step with new and more modern ones.

THAI NAVY AGREES TO PURCHASE OF BRITISH ARMS

Kuala Lumpur BUSINESS TIMES in English 7 Jun 84 p 2

[Text]

THAILAND'S Navy has agreed to buy British Stingray anti-submarine torpedoes as part of a large procurement programme to modernise its fleet and weapons.

News of the purchases, which also include missiles, a mine sweeper and later a submarine, coincides with Thai Air Force plans to buy sophisticated American F-16A fighter aircraft. A heated debate on this is now reaching a climax.

Thailand's defence spending is regularly one of the biggest items in government expenditure, reflecting the military-dominated government's emphasis on security concerns, especially in relations to the neighbouring communist-ruled states of Indo-China. In the 213 billion baht budget for the fiscal year starting in October, some 45 billion baht is to

be spent on defence.

Admiral Prapat Chantaviraj, commander in chief of the Thai Navy, said in a newspaper interview that the agreement with Britain is for twelve Stingray torpedoes. They are made by Marconi, and the deal is worth 150 million baht. Competing candidates were the US Mark-46 and the Italian Whitehead.

The Thai Navy has also decided to buy Italian Espeedey anti-aircraft guided missiles, following the refusal of the US to sell the sophisticated 7-M version of its Sea Sparrow.

Of the navy's fleet plans, Adm Prapat said Thailand hoped to acquire a 1,000 DWT submarine in a few years' time when financial conditions were easier. A number of countries, including Britain, France, West Germany and Swe-

BANGKOK, June 6
den, have meanwhile bid to supply a minesweeper worth 500 million baht.

The running debate on the Thai Air Force's fighter purchases is due to enter a critical phase next week when a US team addresses Thai civilian and military officials on the options. This follows talks on the issue when General Prem Tinsulanonda, the Thai Prime Minister, met President Ronald Reagan in Washington in April.

Thailand wants a squadron of F-16As, costing about US\$500 million. The US feels the aircraft is unsuitable and is offering a choice between a lower-powered export version, the F16/J79, which is also made by General Dynamics, the Northrop F-20 Tiger shark, which is a modernised F-5E and the Vought A-7 Corsair. —
FT

CSO: 4200/880

YUGOSLAV FIRM TO SET UP STORAGE FACILITIES

Bangkok THE NATION REVIEW in English 7 Jun 84 p 25

[Text]

THAILAND's first multi-purpose storage facilities will be set up by the end of next year by a well-known Yugoslav company.

The company, SMELT, is now under a negotiation with a Thai firm to set up the storage facilities in Bangkok area, which will benefit greatly the food processing industry in this country, Goran Pobric, international marketing manager told *The Nation* yesterday. The multi-million baht deal is expected to be concluded in August, and the whole operation of the storage facilities will be ready within 11 months, he said.

Pobric was in Yugoslavia during Prime Minister Prem Tinsulanonda's visit to this Balkan country. He also had an extensive discussion with both Thai government officials and private businessmen.

He said the central storage facilities in Bangkok will definitely help to preserve the quality of food such as meat products and fruits. "Our aim is to build a multi-purpose storage house, under one roof, for further distribution within the country or send abroad," he added.

Pobric also said that the Prem's trip to Yugoslavia was a success because since then several Yugoslav companies have shown keen interests in Thai market. "They are getting to know Thailand better now. Some of them also want to have an office here. In the near future, more Yugoslav businessmen will come here

more often," he said and added that several Yugoslav trade representatives will visit Thailand soon.

SMELT has become the first Yugoslav company to have its own office in Bangkok. He said the reason his company chose Thailand as its headquarters for ASEAN region because there is a great and untapped potential here. "We expect more companies from my country to follow suit. When we have more and more experience, we can share with them," he added.

Furthermore, he pointed out that SMELT would be able to provide technical assistance in the field of agriculture, storage facilities and waste water treatment, and other fields. He said Thailand needs a lot of industrial water because of the growing industry, so it also requires the waste water treatment technology. "With these aims, it is important to develop a long term approach to Thai market. We are working very hard to understand this market," he said.

Thailand's first storage facilities will be a milestone of the development in food processing industry here. According to Pobric, the experience and success in Thailand in the field of storage facilities could be used elsewhere especially in ASEAN countries. "We hope to establish similar facilities in this region," he said.

POVERTY BLAMED FOR PROSTITUTION BOOM

Bangkok BANGKOK POST in English 25 Jun 84 p 3

[Text]

THERE are about 500,000 prostitutes in Thailand and of these, 10 per cent were forced into the vice trade, according to a House Cultural and Social Committee report.

The study, submitted to Parliament last week, shows that most of the prostitutes were aged between 16-21 while massage girls averaged 20-24. Most prostitutes are single while masseuses were mostly divorced or separated.

According to the report, women are driven into the sex trade by poverty, poor education, social values and culture.

In recent years, 61 per cent of rural migrants looking for work in Bangkok were women and of those, 84 per cent went into the service sector where the money is better and because most of the women are poorly educated.

While the report had no statistics showing how many rural women went into prostitution, about 10 per cent were forced into the trade.

Prosecuting prostitutes did not guarantee they would not return to the vice trade, it said. Worse still, it tended to force women to work harder to pay brothel operators, said the report.

For instance, when a prostitute is arrested, she will have to spend about 3,000 baht on food, fees and legal counsel during

her detention until the court rules on the case.

The money is borrowed from the brothel operator and if the prostitute is arrested once a month, she will owe about 36,000 baht, forcing her to work extremely hard to repay the debt.

The report also says there are some 200 Thai bar girls in Iraq who also work as prostitutes because their pay is not sufficient. The girls usually live in groups of seven-10 in small hotels or houses arranged by bar owners.

Most girls went to Saudi Arabia as maids but later went into prostitution. Their service costs between 1,200 and 3,000 baht, said the report.

In Hong Kong, records in 1975 show that about 1,200 Thai women married Hong Kong men through match-making agents. Once there, if the husbands-to-be were not satisfied, the women would be sold to brothels for about HK\$5,000.

Prostitution is bigger in West Germany. Quoting a Thai Embassy official, the report said about 2,000 Thai women travel to West Germany each year for prostitution purposes.

THAILAND

BRIEFS

POPULATION DEMOGRAPHICS--THAI GIRLS are found to more likely to get married at 19 years of age, and they will likely have at least five children. Niyom Burakam, Deputy Secretary General of the National Statistics Office, said that according to the 1980 demographic survey a total of 1,314,729 girls married at 19; 1,132,877 at 18; 1,095,339 at 20; 1,005,870 at 17; and 756,375 at 21 years old. The survey also said that 747,234 of over-15-year-old girls from the total of 5,079,580 married girls have five children. Only three per cent of them did not have any children, and about 7.6 per cent have more than 10 children, it said. On the average, each young married girl will have five children, Niyom said. "Only in Bangkok and the Northeastern region are the averages four and six respectively," he said. [Text] [Bangkok THE NATION REVIEW in English 12 Jun 84 p 2]

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